INPLAY OIL

ANNUAL INFORMATION FORM

FOR THE YEAR ENDED DECEMBER 31, 2025

March 30, 2026

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ABBREVIATIONS

Oil and Natural Gas Liquids

bbl	barrel
Mbbl	thousand barrels
Mmbbl	million barrels
bbl/d	barrels per day
BOPD	barrels of oil per day
NGLs or ngls	natural gas liquids

Natural Gas

Mcf	thousand cubic feet
Mmcf	million cubic feet
Mcf/d	thousand cubic feet per day
Mmcf/d	million cubic feet per day
Mmbtu	million British Thermal Units
Bcf	billion cubic feet
GJ	Gigajoule
Tcf	trillion cubic feet

Other

AECO	the natural gas storage facility located at Suffield, Alberta
API	American Petroleum Institute
API	an indication of the specific gravity of crude oil measured on the API gravity scale
BOE or boe	barrel of oil equivalent on the basis of 6 Mcf/BOE for natural gas and 1 bbl/BOE for crude oil and natural gas liquids
BOE/d or Boe/d	barrel of oil equivalent per day
CSA	Canadian Securities Administrators
m^3	cubic metres
Mboe	1,000 barrels of oil equivalent
M$	thousands of dollars
MM$	millions of dollars
WTI	West Texas Intermediate, the reference price paid in U.S. dollars at Cushing, Oklahoma for crude oil of standard grade

Measurements expressed in Boe or Mcfe may be misleading, particularly if used in isolation. A Boe conversion ratio of 6 Mcf:1 Bbl and an Mcfe conversion ratio of 1 bbl:6 Mcf are based on an approximate energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Given that the value ratio based on the current price of crude oil as compared to natural gas is significantly different from the energy equivalency of 6:1, utilizing a conversion on a 6:1 basis may be misleading as an indication of value.

Where any disclosure of reserves data is made in this Annual Information Form that does not reflect all reserves of InPlay, the reader should note that the estimates of reserves and future net revenue for individual properties or groups of properties may not reflect the same confidence level as estimates of reserves and future net revenue for all properties, due to the effects of aggregation.

CONVERSIONS

To Convert From	To	Multiply By
Mcf	Cubic metres	28.174
Cubic metres	Cubic feet	35.494
bbl	Cubic metres	0.159
Cubic metres	bbl oil	6.290
Feet	Metres	0.305
Metres	Feet	3.281
Miles	Kilometres	1.609
Kilometres	Miles	0.621
Acres (Alberta)	Hectares	0.400
Hectares (Alberta)	Acres	2.500
Acres (British Columbia)	Hectares	0.405
Hectares (British Columbia)	Acres	2.471

FORWARD-LOOKING STATEMENTS

Certain statements contained in this Annual Information Form, and in certain documents incorporated by reference into this Annual Information Form, constitute forward-looking statements. These statements relate to future events or our future performance. All statements other than statements of historical fact may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "budget", "plan", "continue", "estimate", "expect", "forecast", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions. In addition there are forward-looking statements in this Annual Information Form under the heading: "Statement of Reserves Data and Other Oil and Gas Information" as to our reserves and future net revenues from our reserves, pricing and inflation rates and future development costs, as to the development of our proved undeveloped reserves and probable undeveloped reserves, as to our future development activities, capital expenditures plans and timing thereof, expected completion and on production dates, our dividend program, hedging policies, abandonment and reclamation costs, tax horizon, exploration, development and infrastructure plans and activities and production estimates. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. We believe the expectations reflected in those forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in, or incorporated by reference into, this Annual Information Form should not be unduly relied upon. These statements speak only as of the date of this Annual Information Form or as of the date specified in the documents incorporated by reference into this Annual Information Form, as the case may be.

In addition to the forward-looking statements identified above, this Annual Information Form, and the documents incorporated by reference, contain forward-looking statements pertaining to the performance characteristics of our oil and natural gas properties; oil and natural gas production levels; the size of the oil and natural gas reserves; projections of market prices and costs; expectations regarding the ability to raise capital and to continually add to reserves through acquisitions and development; treatment under governmental regulatory regimes and tax laws; and capital expenditure programs.

Actual results achieved during the forecast period will vary from the information provided herein as a result of numerous known and unknown risks and uncertainties and other factors. In addition, these risks and uncertainties are material factors affecting the success of our business. Such factors include, but are not limited to: declines in oil and natural gas prices; various pipeline constraints; variations in interest rates and foreign exchange rates; stock market volatility; uncertainties relating to market valuations; refinancing risk for existing debt and debt service costs; access to external sources of capital; risks associated with our hedging activities; third party credit risk; risks associated with the exploitation of our properties and our ability to acquire reserves; government regulation and control and changes in governmental legislation; changes in income tax laws, royalty rates and other incentive programs; uncertainties associated with estimating oil and natural gas reserves and resources; risks associated with acquiring, developing and exploring for oil and natural gas and other aspects of our operations; our reliance on hydraulic fracturing; risks associated with large projects or expansion of our activities; the failure to realize anticipated benefits of acquisitions and dispositions or to manage growth; changes in climate change laws and other environmental regulations; competition in the oil and gas industry for, among other things, acquisitions of reserves, undeveloped lands, skilled personnel and drilling and related equipment; risks of non-cash losses as a result of the application of accounting policies; our operating activities and ability to retain key personnel; depletion of our reserves; risks associated with securing and maintaining title to our properties; risks associated with the continuation of our dividend program; risks for United States and other non-resident shareholders; risks described in further detail under "Risk Factors" herein; and other factors, many of which are beyond our control.

The actual results could differ materially from those results anticipated in these forward-looking statements, which are based on assumptions, including as to the market prices for oil and natural gas; the continuation of the present policies of the board of directors relating to management of InPlay, capital expenditures and other matters; the continued availability of capital, acquisitions of reserves, undeveloped lands and skilled personnel; the continuation of the current tax and regulatory regime; the continuation of our dividend program; and other assumptions contained in this Annual Information Form.

Statements relating to "reserves" and "resources" are deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions that the reserves and resources described can be profitably produced in the future.

Readers are cautioned that the foregoing list of factors is not exhaustive. Additional information on these and other factors that could affect InPlay's operations and financial results are included in reports on file with Canadian securities regulatory authorities and may be accessed through the SEDAR+ website (www.sedarplus.ca) or on InPlay's website (www.InPlayOil.com). Although the forward-looking statements contained herein are based upon what management believes to be reasonable assumptions, management cannot assure that actual results will be consistent with these forward-looking statements. Investors should not place undue reliance on forward-looking statements. These forward-looking statements are made as of the date hereof and the Corporation assumes no obligation to update or review them to reflect new events or circumstances except as required by applicable securities laws.

Forward-looking statements and other information contained herein concerning the oil and gas industry and the Corporation's general expectations concerning this industry is based on estimates prepared by management using data from publicly available industry sources as well as from reserves reports, market research and industry analysis and on assumptions based on data and knowledge of this industry which the Corporation believes to be reasonable. However, this data is inherently imprecise, although generally indicative of relative market positions, market shares and performance characteristics. While the Corporation is not aware of any misstatements regarding any industry data presented herein, the industry involves risks and uncertainties and is subject to change based on various factors.

CERTAIN DEFINITIONS

In this Annual Information Form, the following words and phrases have the following meanings, unless the context otherwise requires:

"**ABCA**" means *Business Corporations Act* (Alberta);

"**Acquired Assets**" has the meaning ascribed thereto under "*Description and General Development of the Business – Recent Developments*";

"**Acquisitionco**" means 1992122 Alberta Ltd., a corporation incorporated under the ABCA and previously a wholly-owned subsidiary of Anderson;

"**Anderson**" means Anderson Energy Inc. as it existed prior to completion of the Anderson Arrangement;

"**Anderson Shares**" means common shares of Anderson;

"**Anderson Arrangement**" means the plan of arrangement under the provisions of Section 193 of the ABCA which was completed on November 7, 2016 and which resulted in the business combination of Private InPlay and Anderson to form InPlay;

"**Anderson Arrangement Acquisition Assets**" means certain petroleum and natural gas properties, interests and related assets acquired by Private InPlay in conjunction with the Anderson Arrangement pursuant to the Asset Acquisition Agreement;

"**Anderson Transactions**" means, collectively, the Anderson Arrangement and the Asset Acquisition; and

"**Asset Acquisition**" means the acquisition by Private InPlay of the Anderson Arrangement Acquisition Assets pursuant to the Asset Acquisition Agreement;

"**Asset Acquisition Agreement**" means the purchase and sale agreement between Private InPlay and an arm's length third party vendor pursuant to which Private InPlay acquired the Anderson Arrangement Acquisition Assets in conjunction with completion of the Anderson Arrangement;

"**COGE Handbook**" means the Canadian Oil and Gas Evaluation Handbook prepared jointly by the Society of Petroleum Evaluation Engineers (Calgary chapter) and the Canadian Institute of Mining, Metallurgy & Petroleum;

"**GLJ**" means GLJ Ltd.;

"**Gross**" or "**gross**" means:

(a) in relation to the Corporation's interest in production and reserves, its "company gross reserves", which are the Corporation's working interest (operating and non-operating) share before deduction of royalties and without including any royalty interest of the Corporation;

(b) in relation to wells, the total number of wells in which the Corporation has an interest; and

(c) in relation to properties, the total area of properties in which the Corporation has an interest.

"**InPlay**" or the "**Corporation**" or the "**Company**" means InPlay Oil Corp., a corporation amalgamated pursuant to the ABCA and includes its predecessors where the context so requires;

"**InPlay Shares**" or "**Common Shares**" means common shares of InPlay;

"**Net**" or "**net**" means:

(a) *in relation to the Corporation's interest in production and reserves, the Corporation's working interest (operating and non-operating) share after deduction of royalty obligations, plus the Corporation's royalty interests in production or reserves;*

(b) in relation to wells, the number of wells obtained by aggregating the Corporation's working interest in each of its gross wells; and

(c) in relation to the Corporation's interest in a property, the total area in which the Corporation has an interest multiplied by the working interest owned by the Corporation.

"**NI 51-101**" means National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities;

"**Pembina Asset Transaction**" has the meaning ascribed thereto under "*Description and General Development of the Business – Recent Developments*";

"**Prairie Storm**" means Prairie Storm Resources Corp. as it existed prior to completion of the PS Arrangement;

"**Prairie Storm Shares**" means common shares of Prairie Storm;

"**Private InPlay**" means InPlay Oil Corp. as it existed prior to completion of the Anderson Arrangement;

"**Private InPlay Shares**" means common shares of Private InPlay which were exchanged for InPlay Shares pursuant to the Anderson Arrangement on the basis of 0.1303 of an InPlay Share for each one (1) Private InPlay Share held;

"PS Arrangement" means the plan of arrangement under the provisions of Section 193 of the ABCA which was completed on November 30, 2021 and resulted in the acquisition by InPlay of Prairie Storm;

"**Reserve Report**" means the report of GLJ dated February 27, 2026 evaluating the crude oil, natural gas liquids and natural gas reserves of the Corporation as at December 31, 2025;

"**TASE**" means the Tel Aviv Stock Exchange.

"**TSX**" means the Toronto Stock Exchange.

Certain other terms used herein but not defined herein are defined in NI 51-101 and, unless the context otherwise requires, shall have the same meanings herein as in NI 51-101.

Unless otherwise specified, information in this Annual Information Form is as at the end of the Corporation's most recently completed financial year, being December 31, 2025.

All dollar amounts herein are in Canadian dollars, unless otherwise stated.

CORPORATE STRUCTURE

Corporate History

Private InPlay was originally incorporated under the ABCA as 1712226 Alberta Ltd. on November 12, 2012. On November 21, 2012 Private InPlay filed Articles of Amendment to change its name to "InPlay Oil Corp.". On July 10, 2013 Private InPlay filed Articles of Amendment to remove its "private company" restrictions. On November 7, 2016, Private InPlay completed a reverse take-over transaction of Anderson under the Anderson Arrangement and pursuant to which Private InPlay and Acquisitionco were amalgamated under the ABCA ("**Amalco1**"), immediately following which Amalco1 and Anderson were amalgamated under the ABCA under the name "InPlay Oil Corp.".

Effective November 30, 2021, pursuant to the PS Arrangement, InPlay, Prairie Storm and Prairie Storm's wholly-owned subsidiary, Prairie Storm Energy Corp., were amalgamated under the name "InPlay Oil Corp.". Subsequently, on January 1, 2022 InPlay completed a short form amalgamation under the ABCA with its then wholly-owned subsidiary, 1986272 Alberta Ltd., to form the current issuer under the name "InPlay Oil Corp.".

Intercorporate Relationships

InPlay does not have any subsidiaries.

InPlay's head office is located at Suite 2000, 350 – 7th Avenue S.W., Calgary, Alberta, T2P 3N9 and its registered office is located at Suite 2400, 525 – 8th Avenue S.W., Calgary, Alberta, T2P 1G1.

The InPlay Shares trade on the TSX under the symbol "IPO", on the OTCQX under the symbol "IPOOF" and on the TASE under the symbol "IPO".

DESCRIPTION AND GENERAL DEVELOPMENT OF THE BUSINESS

Business Plan and Growth Strategies

InPlay has been engaged in the business of developing and producing oil and natural gas, and acquiring oil and natural gas properties in Western Canada since it commenced operations in June 2013. Since commencing operations, InPlay has concentrated on development drilling of prospects in the province of Alberta. InPlay's operations are currently directed principally towards light oil prospects in its Pembina and Rocky Mountain House areas. InPlay also has an emerging East Basin Duvernay light oil play.

The business plan of InPlay has been to generate profitable growth in production, reserves and funds flow from operations and commencing in late 2022, a sustainable dividend program. To accomplish this, InPlay has focused on building a large, low decline, light oil focused asset base. InPlay targets prospects in areas that it believes could result in meaningful reserve and production additions.

The following are integral components of InPlay's corporate strategy:

- InPlay focuses on identifying, acquiring and exploiting large hydrocarbon reservoirs by applying proven and evolving technologies;
- InPlay creates and maintains a significant inventory of drilling locations that allows the Corporation to allocate capital on a risked rate of return basis;
- InPlay actively manages its portfolio of assets to take advantage of value enhancing acquisitions when market conditions permit;
- InPlay carefully monitors its capital structure with a focus on maintaining a strong financial position in order to finance future growth and strong returns to shareholders. This is achieved with regular adjustments to capital spending, hedging of future revenue and costs and the use of bank credit facilities and issuance of new equity to fund growth as determined appropriate;

- InPlay promotes safe and environmentally responsible operations; and
- InPlay values and maintains an entrepreneurial culture to attract and retain high quality staff.

To achieve sustainable and profitable growth, management of InPlay believes in controlling the timing and costs of its projects by maintaining operatorship of those projects wherever possible. To minimize competition within its geographic areas of interest, InPlay strives to maximize its working interest ownership in its properties where reasonably possible. In reviewing potential drilling or acquisition opportunities, InPlay gives consideration to the following criteria: (i) the at risk capital required to secure or evaluate the investment opportunity; (ii) if successful, the potential return on the project; (iii) the likelihood of success; (iv) the risked return versus cost of capital; (v) the strategic benefits to InPlay; and (iv) InPlay's technical expertise in the opportunity. InPlay also employs a strategy of reducing operating risk and costs by owning or participating in strategic infrastructure as opportunities present themselves. While InPlay believes that it has the skills and resources necessary to achieve its objectives, participation in the exploration and development of oil and natural gas has a number of inherent risks. See "*Risk Factors*".

In general, InPlay uses a portfolio approach in developing a number of opportunities with a balance of risk profiles and commodity exposure, in an attempt to generate sustainable levels of profitable production and financial growth. InPlay's near-term plans include re-investment of cash flows into growing the Corporation's production with a focus on development of its light oil assets in central Alberta while maintaining a strong financial position and providing strong returns to shareholders including in the form of dividends. The Corporation continually monitors its financial position and has the ability to adjust capital spending, sell non-core assets or seek alternative forms of financing in order to maintain the Corporation's strong financial position.

InPlay has executed its growth strategy through exploration and development programs combined with both corporate and property acquisitions. Financing for these programs has been obtained through a combination of cash flow from existing operations, various equity issues of common shares, property dispositions and bank credit facilities.

InPlay may pursue asset or corporate acquisitions, divestitures or investments that do not conform to the guidelines discussed above based upon its consideration of the qualitative aspects of the subject properties, including risk profile, technical upside, reserve life and asset quality.

Corporate History

In 2020, InPlay successfully drilled four (4.0 net) ERH wells in the Willesden Green area and three (3.0 net) one-mile horizontal wells in Pembina and participated in one (0.2 net) non-op Nisku ERH well. InPlay's total exploration and development capital aggregated $23.1 million in 2020. As a result of its successful 2020 program, and despite the impact of the Covid-19 pandemic, InPlay achieved annual average production of approximately 3,985 boe/d (approximately 68% light oil and NGLs)[(1)].

In October, 2020 InPlay completed a strategic Cardium oil asset acquisition in its core Pembina area of operations for total consideration of approximately $1.9 million net of adjustments (the "**Pembina Tuck-in Acquisition**"). The Pembina Tuck-in Acquisition included approximately 11 sections (7,040 net acres) of 100% working interest Crown land, production at closing of the transaction of approximately 240 Boe/d (63% light oil and NGLs) and proved developed producing reserves of over 1,000 Mboe assigned by the vendor's independent reserve evaluators effective January 1, 2020.

On November 30, 2021 InPlay completed the acquisition of all the issued and outstanding Prairie Storm Shares pursuant to the PS Arrangement. Under the PS Arrangement, the holders of Prairie Storm Shares received $0.2514 in cash and 0.0524 of an InPlay Share for each Prairie Storm Share held, resulting in the payment of an aggregate of $39.9 million in cash and the issuance of an aggregate of 8,320,335 InPlay Shares to the former holders of Prairie Storm Shares. As a result of the PS Arrangement, the Prairie Storm Shares were delisted from the TSX Venture Exchange and Prairie Storm ceased to be a reporting issuer in all reporting jurisdictions.

In conjunction with completion of the PS Arrangement, InPlay completed a bought deal public offering of subscription receipts of InPlay ("**Subscription Receipts**"), comprised of 9,591,000 Subscription Receipts at a price of $1.20 per Subscription Receipt for aggregate gross proceeds of approximately $11.5 million. The Subscription Receipts were automatically exchanged for one (1) InPlay Share concurrently with the completion of the PS Arrangement resulting in the issuance of an aggregate of 9,591,000 InPlay Shares and the net proceeds were used to fund a portion of the cash consideration payable to former holders of Prairie Storm Shares under the PS Arrangement.

In connection with completion of the PS Arrangement, InPlay's senior credit facility was increased from $65.0 million to $85.0 million by way of the addition of a $20 million syndicated term facility maturing November 30, 2022.

In 2021, InPlay successfully drilled eight (8.0 net) ERH wells in Pembina and two (1.6 net) ERH wells in the Willesden Green area on the newly acquired Prairie Storm assets. InPlay also participated in one (0.2 net) non-op Nisku ERH well and one (0.2 net) non-op Willesden Green ERH well in 2021. InPlay's total exploration and development capital aggregated $33.4 million in 2021. As a result of its successful 2021 program InPlay achieved record annual average production of approximately 5,768 boe/d (approximately 65% light oil and NGLs)[(1)].

In 2022, InPlay successfully drilled six (6.0 net) ERH wells in Pembina, ten (9.3 net) operated ERH wells in Willesden Green and two (2.0 net) Belly River wells. InPlay also participated in one (0.2 net) non-op Willesden Green ERH well in 2022. InPlay's total exploration and development capital aggregated $77.6 million in 2022. As a result of its successful 2022 program InPlay achieved record annual average production of approximately 9,105 boe/d (approximately 57% light oil and NGLs)[(1)].

On August 11, 2022, InPlay entered into an amended senior credit facility with its first lien and second lien lenders resulting in a wholly-conforming revolving credit facility with an increased total lending capacity and borrowing base of $110 million. In conjunction with the entering into of the amended credit facility, the Corporation's BDC Term Facility and the remaining balance under its senior syndicated term facility were repaid in full.

On November 9, 2022, InPlay announced that its Board of Directors approved the implementation of a monthly cash dividend program commencing with an inaugural dividend in the amount of $0.015 per Common Share ($0.09 per Common Share after the Share Consolidation described below". See "*Dividends*".

In 2023 InPlay successfully drilled 12 (10.5 net) ERH wells in Willesden Green, five (5.0 net) ERH wells in Pembina, one (1.0 net) multilateral Belly River well and three (0.6 net) non-operated Willesden Green ERH wells. The Corporation also completed two natural gas facility upgrades in Willesden Green to reduce our reliance on 3rd party facilities to improve run time, alleviate back pressure on producing wells and increase natural gas capacity to allow for future development in the area. InPlay's total exploration and development capital aggregated $84.5 million in 2023. As a result of its successful 2023 program InPlay achieved annual average production of approximately 9,025 boe/d (approximately 58% light oil and NGLs)[(1)].

In 2024, InPlay successfully drilled two (1.9 net) ERH wells in Willesden Green, two (2.0 net) one-mile horizontal wells in Willesden Green, three (3.0 net) ERH wells in Pembina, four (4.0 net) Pembina Cardium Unit #7 wells, one (1.0 net) Belly River well and three (0.65 net) non-operated Willesden Green ERH wells. The Corporation also spent $5.4 million on an extensive downhole optimization program to replace plunger lifts with downhole pumps and lowering pumps in horizontal wells, helping to decrease our base decline rate to 26%. InPlay's total exploration and development capital aggregated $63 million in 2024. As a result of its successful 2024 program InPlay achieved annual average production of approximately 8,712 boe/d (approximately 58% light oil and NGLs)[(1)].

On April 7, 2025, the Company closed the acquisition of Cardium light oil focused assets in the Pembina area of Alberta (the "**Pembina Asset Transaction**") from Obsidian Energy Ltd. ("**Obsidian**") for consideration of approximately $291 million. Consideration consisted of a $203 million cash payment, the issuance of 9,139,784 Common Shares of InPlay to Obsidian valued at $9.30 per share ($1.55 per Common Share prior to the Share Consolidation (as defined below) and effective April 14, 2025) based on the closing price of the Common Shares on April 6, 2025, and the inclusion of InPlay's non-operated assets at Willesden Green Unit 2.

The acquired assets are located in the Pembina Cardium area near Drayton Valley in West Central Alberta and consists of a large, primarily contiguous land base of 468,758 gross (317,751 net) acres of petroleum and natural gas rights.

Concurrent with completion of the Pembina Asset Transaction, InPlay entered into an amended and restated credit agreement with a syndicate of lenders (the "**Lenders**") pursuant to which the aggregate available borrowing capacity under InPlay's Senior Credit Facility has been increased from $110 million to $330 million by way of an increased $190 million revolving credit facility with a term out date extended to June 30, 2026, a fully drawn $110 million two-year amortizing term loan (the "**Term Loan**") and a letter of credit facility of up to $30 million. The Term Loan includes quarterly amortization payments of $4.1 million and quarterly payments equating to 50% of excess cash flow as defined by the Term Loan credit agreement. The covenant and security package under the Term Loan was substantially the same as the revolving credit facility, with the exception of an additional affirmative covenant to satisfy certain prescribed hedging requirements during the period the Term Loan remains outstanding.

In connection with the Pembina Asset Transaction, InPlay also entered into an underwriting agreement with a syndicate of underwriters (the "**Underwriters**"), co-led by ATB Securities Inc., National Bank Financial Inc. and RBC Dominion Securities Inc., pursuant to which the Underwriters purchased for resale to the public 3,524,271 subscription receipts (the "**Subscription Receipts**") on a bought deal basis (the "**Subscription Receipt Offering**"). The Subscription Receipts were sold at a price of $9.30 per Subscription Receipt for aggregate gross proceeds of approximately $32.8 million. The Subscription Receipt Offering was completed on February 27, 2025 and the proceeds were used to fund a portion of the cash consideration paid under the Pembina Asset Transaction.

At the Company's Special Meeting of Shareholders held on April 4, 2025, shareholders approved a six for one (6:1) Common Share consolidation effective for shareholders of record as of April 14, 2025. Effective April 14, 2025, shareholders of record received one Common Share for every six Common Shares held, with Common Shares trading on a consolidated basis beginning April 17, 2025 (the "**Share Consolidation**"). Common Share, per Common Share, dividend, share options, deferred share units, restricted award and performance award amounts in this document have been updated to reflect the Share Consolidation.

On August 7, 2025, InPlay announced that Delek Group Ltd. ("**Delek**") acquired 9,139,784 Common Shares from Obsidian and became a 32.7% strategically aligned shareholder of InPlay (the "**Transaction**"). In connection with the Transaction, InPlay entered into a registration rights agreement (the "**Registration Rights Agreement**") and an investor rights agreement (the "**Investor Rights Agreement**") with Delek. The Investor Rights Agreement provided that InPlay would appoint two nominees of Delek to the Board of Directors of InPlay immediately following closing of the Transaction. For so long as Delek holds 20% or more of the issued and outstanding Common Shares and the Board of Directors is comprised of eight (8) members, Delek will be entitled to maintain two (2) Board nominees. Delek has agreed that, subject to certain conditions, in respect of the election of directors and the appointment of the auditor's at InPlay's annual general meeting to be held in 2026 and the appointment of the auditor's at InPlay's annual general meeting to be held in 2027, Delek will vote (or, at Delek's discretion, abstain or cause to be abstained from voting) all Common Shares held by it in accordance with the recommendations of the Board of Directors or management of InPlay. Additionally, the Investor Rights Agreement provides Delek with certain pre-emptive and participation rights with respect to certain equity offerings undertaken by InPlay. The Registration Rights Agreement and the Investor Rights Agreement are available on InPlay's SEDAR+ profile. In connection with closing of the Transaction, InPlay appointed Ehud (Udi) Erez and Tamir Polikar to the Board of Directors.

In 2025, InPlay successfully drilled ten (8.2 net) ERH Cardium wells and completed a significant operated gas plant expansion and other facility projects. InPlay's total exploration and development capital aggregated $52 million in 2025. As a result of its successful 2024 program, InPlay achieved annual average production of approximately 17,043 boe/d (approximately 61% light oil and NGLs)[(1)].

In February 2026, InPlay announced that its Board of Directors approved a $66 – $74 million capital program for fiscal 2026, comprised of the planned drilling of approximately 12 – 14 net horizontal Cardium wells, with the majority of capital directed toward its Cardium-focused light oil assets in Pembina.

Recent Developments

On February 11, 2026, InPlay announced it had completed an offering of 550 million New Israeli Shekels ("NIS") (CAD$242 million) principal amount of senior unsecured bonds (the "Bonds") in Israel (the "Bond Offering"). The Bonds bear interest at a rate of 6.23% per annum and are due December 15, 2030. In connection with the Bond Offering, the InPlay Common Shares and the Bonds were listed on the Tel Aviv Stock Exchange ("TASE"). The Common Shares and the Bonds began trading on the TASE on February 11, 2026 under the symbols IPO and IPO.B1, respectively. InPlay used the net proceeds from the Bond Offering to repay the amount owing under the Company's $110 million two-year amortizing term loan (CAD$93.0 million as at December 31, 2025), temporarily reduce, on a non-permanent basis, amounts drawn under the Company's approximately $190 million revolving credit facility (CAD$129.1 million as at December 31, 2025), to pay transaction expenses and/or for general corporate purposes.

The Bonds are denominated in NIS and interest is payable semi-annually. In addition, three amortization payments of 6% of the principal amount of the Bonds will be due on December 15th of 2027, 2028 and 2029. Payment of principal and interest will not be linked to CAD. InPlay has effectively mitigated its exposure to fluctuations in the CAD to NIS exchange rate on the NIS denominated Bond by entering into NIS/CAD foreign exchange hedges with notional amounts and terms that align with the future cash outflow requirements of the Bonds. InPlay may, subject to certain conditions, at any time no earlier than sixty (60) days after the Bonds are listed on the TASE and at its sole discretion, redeem the Bonds in a full or partial early redemption.

Concurrent with closing of the Bond Offering, InPlay’s Senior Credit Facility was amended to accommodate the issuance of the Bonds. The borrowing capacity under the revolving credit facility remains at $190 million with a term out date of June 30, 2026. The Term Loan was repaid in full and cancelled. There were no material changes to the covenant and security package of the Senior Credit Facility except for the implementation of financial covenants.

Competitive Conditions

The oil and natural gas industry is intensely competitive in all its phases. InPlay competes with numerous other participants in the search for, and the acquisition of, oil and natural gas properties and in the marketing of oil, ngls and natural gas. InPlay's competitors include companies which have greater financial resources, staff and facilities than those of InPlay. Competitive factors in the distribution and marketing of oil, ngls and natural gas include price along with the method and reliability of delivery. With the maturing nature of the Western Canadian Sedimentary Basin, the access to new prospects is becoming more competitive and complex. InPlay will attempt to enhance its competitive position by operating in areas where its technical personnel are experienced and able to reduce some of the risks associated with exploration, production and marketing. InPlay believes that its competitive position is more favorable to that of other oil and gas issuers of similar size and at a similar stage of development. See "*Risk Factors – Competition*".

Commodity Prices

The Corporation's operational and financial results are dependent on the prices received for oil, natural gas liquids and natural gas production. Any substantial and extended decline in the price of oil and natural gas would have an adverse effect on, among other things, the Corporation's revenues and financial condition. Commodity prices declined significantly in 2016 and remained highly volatile through 2019. In 2020, commodity price volatility was intensified by the impact of the COVID19 pandemic on global commodity markets. Commodity pricing and industry activity strengthened significantly in the second half of 2020 through until the second half of 2022. In 2023 and through early 2025, downward commodity pricing pressure returned largely due to the impact of global supply and demand factors and geopolitical events. See *"Risk Factors – Adverse Economic Conditions"* and *"Risk Factors – Prices, Markets and Marketing"*.

SIGNIFICANT ACQUISITIONS

Other than the Pembina Asset Transaction, there were no significant acquisitions completed by InPlay during its most recently completed financial year for which disclosure is required under Part 8 of National Instrument 51-102. InPlay filed a Form 51-102F4 – *Business Acquisition Report* dated May 6, 2025 in respect of the Pembina Asset Transaction.

STATEMENT OF RESERVES DATA AND OTHER OIL AND GAS INFORMATION

The statement of reserves data and other oil and gas information set forth below (the "**Statement**") is dated February 27, 2026. The effective date of the Statement is December 31, 2025 and the preparation date of the Statement was February 27, 2026. The Reserves Data conforms to the requirements of NI 51-101.

Disclosure of Reserves Data

The reserves data set forth below (the "**Reserves Data**") is based upon an evaluation by GLJ with an effective date of December 31, 2025 and is contained in the Reserve Report. The Reserves Data summarizes the crude oil, natural gas liquids and natural gas reserves of the Corporation and the net present values of future net revenue for these reserves using forecast prices and costs prior to the provision for interest, debt service charges, general and administrative expenses, the impact of hedging activities, and after deduction of royalties, operating costs, certain estimated well abandonment and reclamation costs and estimated future capital expenditures. The Reserve Report has been prepared in accordance with the standards contained in the COGE Handbook and the reserves definitions contained in NI 51-101. Additional information not required by NI 51-101 has been presented to provide continuity and additional information which we believe is important to the readers of this information. The Corporation engaged GLJ to provide an evaluation of proved and proved plus probable reserves and no attempt was made to evaluate possible reserves. All of the Corporation's reserves are in Canada and, specifically, in the province of Alberta.

The Report of Management and Directors on Oil and Gas Disclosure in Form 51-101F3 and the Report on Reserves Data by the Independent Qualified Reserves Evaluator in Form 51-101F2 are attached at Appendices A and B hereto, respectively.

It should not be assumed that the estimates of future net revenues presented in the tables below represent the fair market value of the reserves. There is no assurance that the forecast prices and cost assumptions will be attained and variances could be material. The recovery and reserves estimates of the Corporation's crude oil, natural gas liquids and natural gas reserves provided herein are estimates only and there is no guarantee that the estimated reserves will be recovered. Actual crude oil, natural gas and natural gas liquids reserves may be greater than or less than the estimates provided herein.

Reserves Data (Forecast Prices and Costs)

SUMMARY OF OIL AND GAS RESERVES AND NET PRESENT VALUES OF FUTURE NET REVENUE AS OF DECEMBER 31, 2025

	RESERVES SUMMARY									
	LIGHT CRUDE OIL AND MEDIUM CRUDE OIL		TIGHT OIL		NATURAL GAS LIQUIDS		CONVENTIONAL NATURAL GAS		TOTAL OIL EQUIVALENT	
RESERVES CATEGORY	Gross (Mbbl)	Net (Mbbl)	Gross (Mbbl)	Net (Mbbl)	Gross (Mbbl)	Net (Mbbl)	Gross (Mmcf)	Net (Mmcf)	Gross (Mboe)	Net (Mboe)
PROVED										
Developed Producing	22,590	19,901	17	17	6,068	5,319	114,762	107,384	47,802	43,133
Developed Non-Producing	226	208	0	0	69	62	1,581	1,495	558	519
Undeveloped	24,626	21,278	0	0	4,372	3,838	80,542	75,072	42,422	37,627
TOTAL PROVED	47,441	41,386	17	17	10,509	9,218	196,885	183,951	90,782	81,280
TOTAL PROBABLE	15,443	12,318	3	3	3,051	2,523	62,464	57,522	28,908	24,431
TOTAL PROVED PLUS PROBABLE	62,884	53,704	21	20	13,560	11,741	259,349	241,473	119,689	105,710

	NET PRESENT VALUES OF FUTURE NET REVENUE									
	BEFORE FUTURE INCOME TAXES DISCOUNTED AT (%/year)					AFTER FUTURE INCOME TAXES DISCOUNTED AT (%/year)				
RESERVES CATEGORY	0% (M$)	5% (M$)	10% (M$)	15% (M$)	20% (M$)	0% (M$)	5% (M$)	10% (M$)	15% (M$)	20% (M$)
PROVED										
Developed Producing	806,631	702,368	593,854	509,618	446,122	734,814	652,400	557,798	482,796	425,653
Developed Non-Producing	9,150	7,723	6,037	4,767	3,853	6,562	5,875	4,659	3,705	3,011
Undeveloped	1,053,434	656,352	425,131	284,221	193,719	815,811	493,259	305,864	192,843	121,249
TOTAL PROVED	1,869,216	1,366,443	1,025,021	798,606	643,694	1,557,186	1,151,534	868,321	679,344	549,913
TOTAL PROBABLE	1,001,189	590,381	386,262	275,247	208,603	773,845	455,004	296,050	210,226	159,109
TOTAL PROVED PLUS PROBABLE	2,870,405	1,956,824	1,411,283	1,073,853	852,297	2,331,032	1,606,538	1,164,371	889,570	709,022

TOTAL FUTURE NET REVENUE
(UNDISCOUNTED)
AS OF DECEMBER 31, 2025

RESERVES CATEGORY	REVENUE (M$)	ROYALTIES (M$)	OPERATING COSTS (M$)	DEVELOPMENT COSTS (M$)	ABANDONMENT AND RECLAMATION COSTS[1] (M$)	FUTURE NET REVENUE BEFORE FUTURE INCOME TAXES (M$)	FUTURE INCOME TAXES (M$)	FUTURE NET REVENUE AFTER FUTURE INCOME TAXES (M$)
Total Proved	5,712,056	665,076	2,206,366	753,627	217,771	1,869,216	312,030	1,557,187
Total Proved Plus Probable	7,808,591	1,031,126	2,805,701	861,691	239,668	2,870,405	539,374	2,331,032

Note:

(1) Abandonment and reclamation costs ("**ARC**") are defined by NI 51-101 as all costs associated with the process of restoring InPlay's properties that have been disturbed by oil and gas activities to a standard imposed by applicable government or regulatory authorities. See "*Further Information Regarding Abandonment and Reclamation Costs*".

FUTURE NET REVENUE
BY PRODUCT TYPE
AS OF DECEMBER 31, 2025

RESERVES CATEGORY	PRODUCT TYPE	FUTURE NET REVENUE BEFORE INCOME TAXES[3] (discounted at 10%/year) (M$)	UNIT VALUE BEFORE INCOME TAXES[4] (discounted at 10%/year) (Units as noted)
Total Proved	Light Crude Oil and Medium Crude Oil[1]	992,085	$13.06 per Boe
	Conventional Natural Gas[2]	32,628	$1.03 per Mcfe
	Tight Oil[1]	308	$18.55 per Boe
	Total Proved Total	**1,025,021**	**$12.61 per Boe**
Total Proved Plus Probable	Light Crude Oil and Medium Crude Oil[1]	1,375,092	$13.80 per Boe
	Conventional Natural Gas[2]	35,827	$0.99 per Mcfe
	Tight Oil[1]	365	$18.62 per Boe
	Total Proved + Probable Total	**1,411,283**	**$13.35 per Boe**

Notes:

(1) Including solution gas and other associated by-products.
(2) Including associated and non-associated gas and their respective by-products.
(3) Other company revenue and costs not related to specific production group have been allocated proportionately to production groups.
(4) Unit values are based on Net reserves.

Notes to Reserves Data Tables:

1. Columns may not add due to rounding.

2. The crude oil, natural gas liquids and conventional natural gas reserves estimates presented in the Reserve Report are based on the definitions and guidelines contained in the COGE Handbook. A summary of those definitions are set forth below.

Reserves Categories

Reserves are the estimated remaining quantities of crude oil, natural gas, non-conventional natural gas and related substances anticipated to be recoverable from known accumulations, from a given date forward, based on:

(a) • **analysis of drilling, geological, geophysical and engineering data;**

(b) • **the use of established technology; and**

(c) • **specified economic conditions which are generally accepted as reasonable.**

Reserves are classified according to the degree of certainty associated with the estimates.

(a) **Proved reserves** are those reserves that can be estimated with a high degree of certainty to be recoverable. It is likely that the actual remaining quantities recovered will exceed the estimated proved reserves.

(b) **Probable reserves** are those additional reserves that are less certain to be recovered than proved reserves. It is equally likely that the actual remaining quantities recovered will be greater or less than the sum of the estimated proved plus probable reserves.

Other criteria that must also be met for the categorization of reserves are provided in the COGE Handbook.

Each of the reserves categories (proved and probable) may be divided into developed and undeveloped categories.

(a) **Developed reserves** are those reserves that are expected to be recovered from existing wells and installed facilities or, if facilities have not been installed, that would involve a low expenditure (for example, when compared to the cost of drilling a well) to put the reserves on production. The developed category may be subdivided into producing and non-producing.

    (i) **Developed producing reserves** are those reserves that are expected to be recovered from completion intervals open at the time of the estimate. These reserves may be currently producing or, if shut-in, they must have previously been on production, and the date of resumption of production must be known with reasonable certainly.

    (ii) **Developed non-producing reserves** are those reserves that either have not been on production, or have previously been on production, but are shut-in, and the date of resumption of production is unknown.

(b) **Undeveloped reserves** are those reserves expected to be recovered from known accumulations where a significant expenditure (for example, when compared to the cost of drilling and completing a well) is required to render them capable of production. They must fully meet the requirements of the reserves classification (proved, probable) to which they are assigned and be expected to be developed within a limited time.

In multi-well pools it may be appropriate to allocate total pool reserves between the developed and undeveloped categories or to subdivide the developed reserves for the pool between developed producing and developed non-producing. This allocation should be based on the estimator's assessment as to the reserves that will be recovered from specific wells, facilities and completion intervals in the pool and their respective development and production status.

Levels of Certainty for Reported Reserves

The quantitative certainty levels referred to in the definitions above are applicable to individual reserves entities (which refers to the lowest level at which reserves calculations are performed) and to reported reserves (which refers to the highest level sum of individual entity estimates for which reserve estimates are prepared). Reported reserves should target the following levels of certainty under a specific set of economic conditions:

(a) at least a 90 percent probability that the quantities actually recovered will equal or exceed the estimated proved reserves; and

(b) at least a 50 percent probability that the quantities actually recovered will equal or exceed the sum of the estimated proved plus probable reserves.

A qualitative measure of the certainty levels pertaining to estimates prepared for the various reserves categories is desirable to provide a clearer understanding of the associated risks and uncertainties. However, the majority of reserves estimates will be prepared using deterministic methods that do not provide a mathematically derived quantitative measure of probability. In principle, there should be no difference between estimates prepared using probabilistic or deterministic methods.

Additional clarification of certainty levels associated with reserves estimates and the effect of aggregation is provided in the COGE Handbook.

3. Forecast Prices and Costs

Crude oil and natural gas benchmark reference pricing, as at December 31, 2025, utilized in the Reserve Report are based on an arithmetic average of the price forecasts of GLJ, Sproule International Limited ("**Sproule**"), and McDaniel & Associates Consultants Ltd. ("**McDaniel**") at December 31, 2025. Inflation and exchange rates utilized in the Reserve Report are based on GLJ's then current forecast at December 31, 2025.

GLJ, Sproule, and McDaniel have prepared their December 31, 2025, price and market forecasts after a comprehensive review of information. Information sources include numerous government agencies, industry publications, Canadian oil refiners and natural gas marketers. The forecasts presented herein are based on an informed interpretation of currently available data. While these forecasts are considered reasonable at this time, users of these forecasts should understand the inherent high uncertainty in forecasting any commodity or market. These forecasts will be revised periodically as market, economic and political conditions change. These future revisions may be significant.

The forecast cost and price assumptions assume increases in wellhead selling prices and take into account inflation with respect to future operating and capital costs. The forecast cost and price assumptions utilized in the Reserve Report are as follows:

SUMMARY OF PRICING AND INFLATION RATE ASSUMPTIONS AS OF DECEMBER 31, 2025 FORECAST PRICES AND COSTS

	OIL			ALBERTA NGLS			NATURAL GAS			
Year	WTI Cushing @ Oklahoma ($US/bbl)	LIGHT, SWEET OIL @ Edmonton (40 ºAPI, 0.3% S) ($Cdn/bbl)	Western Canada Select (WCS) 20.5 ºAPI ($Cdn/bbl)	EDMONTON PROPANE ($Cdn/bbl)	EDMONTON BUTANE ($Cdn/bbl)	EDMONTON PENTANES PLUS ($Cdn/bbl)	NATURAL GAS AECO Gas Price ($Cdn/MmBtu)	CAPITAL INFLATION RATE %/Year	OPERATING INFLATION RATE(1) %/Year	EXCHANGE RATE(2) ($US/$Cdn)
Forecast										
2026	59.92	77.54	65.12	25.10	36.95	80.01	3.00	0.00	0.00	0.728
2027	65.10	83.60	70.34	27.28	39.79	86.19	3.30	2.00	2.00	0.737
2028	70.28	90.18	76.90	29.67	42.87	92.53	3.49	2.00	2.00	0.740
2029	71.93	92.32	78.71	30.37	43.89	95.05	3.58	2.00	2.00	0.740
2030	73.37	94.17	80.29	30.98	44.77	96.94	3.65	2.00	2.00	0.740
2031	74.84	96.06	81.90	31.60	45.67	98.89	3.72	2.00	2.00	0.740
2032	76.34	97.98	83.53	32.23	46.58	100.87	3.80	2.00	2.00	0.740
2033	77.87	99.93	85.20	32.87	47.51	102.88	3.88	2.00	2.00	0.740
2034	79.42	101.93	86.91	33.53	48.46	104.94	3.95	2.00	2.00	0.740
2035	81.01	103.97	88.65	34.20	49.43	107.04	4.03	2.00	2.00	0.740

Notes:
(1) Inflation rates for operating costs.
(2) Exchange rates used to generate the benchmark reference prices in this table.

Weighted average historical prices realized by the Corporation for the year ended December 31, 2025, were $1.81/ mcf for conventional natural gas, $80.16/bbl for light and medium crude oil and $33.42/bbl for natural gas liquids.

1. The forecast price and cost assumptions assume the continuance of current laws and regulations.

2. The extent and character of all factual data supplied to GLJ were accepted by GLJ as represented. No field inspection was conducted.

3. The after-tax net present value of the Corporation's properties here reflects the tax burden on the properties on a stand-alone basis and utilizing the Corporation's tax pools. It does not consider the business-entity-level tax situation, or tax planning. It does not provide an estimate of the value at the level of the business entity, which may be significantly different. The financial statements and management's discussion and analysis of the Corporation should be consulted for information at the level of the business entity. Furthermore, the tax methodology used assumes that all tax pools are utilized to the maximum depreciation rate as currently permitted.

Reconciliation of Changes in Reserves

CURRENT YEAR
RECONCILIATION OF
GROSS RESERVES BY PRINCIPAL PRODUCT TYPE[(1)]
FORECAST PRICES AND COSTS

	LIGHT CRUDE OIL AND MEDIUM CRUDE OIL			NATURAL GAS LIQUIDS		
FACTORS	Proved (Mbbl)	Probable (Mbbl)	Proved Plus Probable (Mbbl)	Proved (Mbbl)	Probable (Mbbl)	Proved Plus Probable (Mbbl)
December 31, 2024	18,730	7,430	26,160	7,453	2,197	9,650
Extensions and Improved Recovery[(2)]	18,422	8,030	26,452	2,069	1,020	3,090
Discoveries	0	0	0	0	0	0
Technical Revisions[(3)]	(4,947)	(2,932)	(7,878)	(1,223)	(653)	(1,876)
Acquisitions	19,654	3,612	23,266	3,253	571	3,824
Dispositions	(995)	(567)	(1,562)	(110)	(48)	(158)
Economic Factors[(4)]	(433)	(127)	(560)	(138)	(36)	(174)
Production[(5)]	(2,972)	0	(2,972)	(796)	0	(796)
December 31, 2025	47,459	15,446	62,905	10,509	3,051	13,560

FACTORS	CONVENTIONAL NATURAL GAS Proved (Mmcf)	Probable (Mmcf)	Proved Plus Probable (Mmcf)	OIL EQUIVALENT Proved (Mboe)	Probable (Mboe)	Proved Plus Probable (Mboe)
December 31, 2024	106,360	31,114	137,474	43,909	14,812	58,722
Extensions and Improved Recovery[(2)]	49,398	26,306	75,704	28,724	13,435	42,159
Discoveries	0	0	0	0	0	0
Technical Revisions[(3)]	(11,518)	(6,225)	(17,743)	(8,089)	(4,622)	(12,711)
Acquisitions	72,293	13,097	85,390	34,956	6,366	41,322
Dispositions	(2,920)	(1,289)	(4,209)	(1,592)	(830)	(2,422)
Economic Factors[(4)]	(2,010)	(539)	(2,549)	(906)	(253)	(1,159)
Production[(5)]	(14,718)	0	(14,718)	(6,221)	0	(6,221)
December 31, 2025	196,885	62,464	259,349	90,782	28,908	119,689

Notes:

(1) Gross Reserves in the tables above are the Corporation's interest share including royalty interests of the Corporation before deduction of royalties.

(2) Extensions and Improved Recovery includes Infill Drilling. The Corporation's 2025 development strategy focused principally on infill and development drilling in the Pembina Cardium play. Changes due to the addition of new locations to the Pembina Asset Transaction are reflected in Extensions and Improved Recovery.

(3) Negative technical revisions were realized in the proved and proved plus probable categories. The revisions were driven by removal of locations from the 2024 development strategy that were replaced with new locations attributed to the Pembina Asset Transaction.

(4) Economic Factors is the change in reserves primarily due to changes in pricing. The significant changes in pricing assumptions utilized in the Reserve Report compared to those utilized in the December 31, 2024 Reserve Report are as follows:

a. Year over year prices for Edmonton Light decreased 20.1% for 2026, 14.1% for 2027, and ~9.3% thereafter.
b. Year over year prices for combined NGLs decreased 21.9% for 2026, 15.7% for 2027, and ~11.2% thereafter.
c. Year over year prices for AECO spot decreased 9.9% for 2026, 5.2% for 2027, and ~4.8% thereafter.

(5) The Corporation produced an average of 17,043 boe/d in 2025. See "*Other Oil and Gas Information – Production History*" for production by NI 51-101 product type.

(6) Columns may not add due to rounding.

Additional Information Relating to Reserves Data

Undeveloped Reserves

The following tables set forth the proved undeveloped gross reserves and the probable undeveloped gross reserves, each by product type that were first attributed in each of the most recent three financial years. These reserves are included in the "*Summary of Oil and Gas Reserves*" table on page 6 of this AIF.

Proved Undeveloped Reserves

Year	Light Crude Oil and Medium Crude Oil (Mbbl)		Conventional Natural Gas (Mmcf)		NGLs (Mbbl)	
	First Attributed	Booked at Year End	First Attributed	Booked at Year End	First Attributed	Booked at Year End
2023	772.1	13,598.5	3,203	57,993	268.2	4,359.1
2024	-	12,288.3	-	54,305	-	3,879.3
2025	18,032	24,626	48,088	80,542	2,004	4,372

Probable Undeveloped Reserves

Year	Light Crude Oil and Medium Crude Oil (Mbbl)		Conventional Natural Gas (Mmcf)		NGLs (Mbbl)	
	First Attributed	Booked at Year End	First Attributed	Booked at Year End	First Attributed	Booked at Year End
2023	322.6	5,994.6	1,109	17,939	94.6	1,348.8
2024	-	5,708.5	-	17,242	-	1,227.6
2025	7,769	10,520	25,613	37,270	985	1,738

Sophisticated technology and significant capital expenditures are required to bring these undeveloped reserves into production. Proved and probable undeveloped reserves have been estimated in accordance with procedures and standards contained in the COGE Handbook.

All of the "resource play" proved undeveloped reserves are planned to be developed within a five-year time frame and the "conventional play" proved undeveloped reserves are planned to be developed within a five-year time frame. All of the probable undeveloped reserves are planned to be developed within a six-year time frame.

The development and capital deployment associated with Total Proved reserves was stretched to five years in order to better match estimates of future capital available to the Corporation to develop these reserves. A similar approach was applied to Total Proved Plus Probable reserves where development and capital spending was stretched to six years. There are a number of other factors that could result in delayed or deferred development, including the following: (i) changing economic conditions (due to pricing, operating and capital expenditure fluctuations or changing regulation and/or fiscal policy); (ii) changing technical conditions (including production anomalies, such as water breakthrough or accelerated depletion); (iii) multi-zone developments (for instance, a prospective formation completion may be delayed until the initial completion from a separate zone is no longer economic); (iv) a larger development program may need to be spread out over several years to optimize capital allocation and facility utilization; and (v) surface access, issues (including those relating to land owners, weather conditions and regulatory approvals). For more information, see "*Risk Factors – Exploration, Development and Production Risks*".

In addition, the pace of development of the proved and probable undeveloped reserves (both in 2026 and 2027 as well as in years beyond 2027) is influenced by many factors, including the outcomes of the yearly drilling and reservoir evaluations, the price for oil and natural gas and a variety of economic factors and conditions. Development deferral, where applicable, beyond two years, is designed to align future capital investments tracking future cash flow in a capital constrained environment.

InPlay Oil Corp. is a growth oriented junior oil and gas company, adding locations to inventory through corporate acquisitions, asset acquisitions, and land sale activity. These events trigger a need to prioritize the inventory from time to time, influencing when locations may be developed. A large majority of the inventory is considered "resource play" in nature targeting the Cardium formation. The Belly River formation is considered a "conventional play". Proved Undeveloped locations are forecast and reserves assigned based on a 90% confidence interval. Approximately 70% of Probable Undeveloped reserves are attributable to the same locations but an additional production/reserves wedge is added, commensurate with a 50% confidence interval. Approximately 30% of Probable Undeveloped reserves are attributable to locations that meet the 50% confidence hurdle but do not meet the 90% hurdle. The confidence in these locations is generally hindered by proximity to existing developed reserves thereby excluding them from consideration as Proven Undeveloped reserves.

Significant Factors or Uncertainties Affecting Reserves Data

The process of evaluating reserves is inherently complex. It requires significant judgments and decisions based on available geological, geophysical, engineering and economic data. These estimates may change substantially as additional data from ongoing development activities and production performance becomes available and as economic conditions impacting oil and gas prices and costs change. The reserve estimates contained herein are based on current production forecasts, prices and economic conditions and other factors and assumptions that may affect the reserve estimates and the present worth of the future net revenue therefrom. These factors and assumptions include, among others: (i) historical production in the area compared with production rates from analogous producing areas; (ii) initial production rates; (iii) production decline rates; (iv) ultimate recovery of reserves; (v) success of future development activities; (vi) marketability of production; (vii) effects of government regulations; and (viii) other government levies imposed over the life of the reserves.

The Corporation has a significant amount of proved undeveloped and probable undeveloped reserves assigned to its properties. As circumstances change and additional data becomes available, reserve estimates also change. Estimates are reviewed and revised, either upward or downward, as warranted by the new information. Revisions are often required due to changes in well performance, prices, economic conditions and government restrictions. Revisions to reserve estimates can arise from changes in year end prices, reservoir performance and geologic conditions or production. These revisions can be either positive or negative. Degradation in future commodity price forecasts relative to the forecast in the Reserve Report can also have a negative impact on the economics and timing of development of undeveloped reserves, unless significant reduction in the future costs of development are realized.

Other than the foregoing, the Corporation does not anticipate any significant economic factors or significant uncertainties that may affect any particular components of the reserves data. However, the reserves can be affected significantly by fluctuations in product pricing, capital expenditures, operating costs; royalty regimes and well performance that are beyond the Corporation's control (see "*Risk Factors*").

For information with respect to abandonment and reclamation costs related to our properties, see "*Further Information Regarding Abandonment and Reclamation Costs*" below.

Further Information Regarding Abandonment and Reclamation Costs

The Reserve Report includes an undiscounted and inflated estimate for abandonment and reclamation costs of $217.8 million for total proved reserves (approximately $36.0 million, discounted at 10%) and $239.7 million for total proved plus probable reserves (approximately $31.1 million, discounted at 10%) respectively, at December 31, 2025.

In accordance with COGEH guidance, the abandonment and reclamation costs included in the Reserve Report relate only to assets including active wells and future development wells in the Reserve Report. The discounted amounts above will differ from the discounted values carried in our financial reporting, which includes obligations for all of the Corporation’s active and inactive assets including producing, non-producing and suspended wells, facilities and pipelines, due to differences in abandonment activity timing and different inflation and discount values. Additionally, the estimate in the Reserve Report includes abandonment and reclamation costs associated with future development activities for all development drilling.

The following table sets forth undiscounted abandonment and reclamation costs included in the estimation of future net revenues attributable to the total proved plus probable reserve category contained in the Reserve Report:

Abandonment and Reclamation Costs	**Undiscounted and Inflated (M$)**
Existing wells	193.2
Future wells with undeveloped reserves	46.5
Total abandonment and reclamation costs for developed and undeveloped reserves	239.7

The estimate for abandonment and reclamation costs are based on a number of sources including guidelines from provincial regulatory groups, historical data from our operations and 3rd party's estimation of costs to remediate, reclaim and abandon wells and facilities in which it has a working interest. InPlay expects to incur abandonment and reclamation costs on approximately 4,648 gross (3,822.9 net) existing wells.

InPlay has not established a reclamation fund to pay future asset retirement obligation costs. The Corporation voluntarily joined the area-based closure ("**ABC**") program starting in 2021. In July 2020, the Government of Alberta announced a new Liability Management Framework and directed the Alberta Energy Regulator ("**AER**") to develop new programs to implement the policy. The AER released "Directive 088: Licensee Life-Cycle Management" on December 1, 2021. The directive introduces the Inventory Reduction Program, which sets mandatory and voluntary closure spend targets. The Corporation estimates that it could incur approximately $44.3 million ($37.1 million discounted at 10%) in the next three years in respect of its abandonment and reclamation costs. The future asset retirement obligation is reviewed regularly by management based upon current regulations, costs, technologies and industry standards.

Future Development Costs

The following table sets forth development costs deducted in the estimation of the Corporation's future net revenue attributable to the reserves categories noted below.

	Forecast Prices and Costs	
Year	**Proved Reserves (M$)**	**Proved Plus Probable Reserves (M$)**
2026	62.4	62.4
2027	114.9	114.9
2028	164.4	164.4
2029	205.9	205.9
2030	206.1	208.6
2031	-	105.5
Total Undiscounted	753.6	861.7

The Corporation currently expects that the capital listed in the preceding table will be funded through a combination of sources including internally generated funds from operations and, as required or applicable, property dispositions, available credit facilities and, if determined appropriate, the issuance of Common Shares. We do not anticipate that the cost of funding would have any significant effect on the disclosed reserves or future net revenue, nor that interest or other costs of external funding would make development of any property uneconomic.

Estimates of reserves and future net revenues have been made assuming the development of each property, in respect of which the estimate is made, will occur without regard to the likely availability to the Corporation of funding required for the development. There can be no guarantee that funds will be available or that we will allocate funding to develop all of the reserves attributed in the Reserve Report. Failure to develop all of those reserves would have a negative impact on future funds from operations.

Other Oil and Gas Information

Principal Properties

The following is a description of InPlay's principal properties, plants, facilities and installations as at December 31, 2025. Production stated is InPlay's working interest share before deduction of royalties and before royalty income volumes and, unless otherwise stated, is average production for the year ended December 31, 2025. Reserve amounts are proved plus probable reserves based on forecast prices and costs, stated before deduction of royalties and without including any royalty interest of the Corporation as at December 31, 2025 based on forecast prices and costs as evaluated in the Reserve Report (See "*Reserves Data*"). **The estimates of reserves and future net revenue for individual properties may not reflect the same confidence level as estimates of reserves and future net revenue for all properties due to the effects of aggregation.** Unless otherwise specified, gross and net acreage well count information are as at December 31, 2025.

Pembina, Alberta

InPlay's Pembina, Alberta property consists of an average working interest of approximately 82% in 437,406 gross (356,718 net) acres of Cardium and Belly River rights in the Easyford, Mountain View, Bigoray, Carrot Creek, Rat Creek, Rose Cree, Drayton Valley, Cynthia, Sun Creek, Tomahawk, Wolf Creek, Paddy Creek, Pilot, Violet Grove, Lodgepole, Panorama, Pendryl, Knob Hill and Keystone areas. The property includes 1,005 gross (832.4 net) producing oil wells and 88 gross (69.6 net) producing natural gas wells. Facilities in the area include eleven operated batteries connected to sales oil pipelines, other minor batteries, gathering systems, water injection systems and four operated gas plants. Production from the property is weighted 63% to light and medium crude oil and NGLs. Average daily production from the property for the year ended December 31, 2025 was 13,256 boe/d[(1).] As at December 31, 2025, the Reserve Report attributed proved plus probable reserves of 55,088 mbbl of light and medium crude oil, 8,277 mbbl of NGLs and 195,299 mmcf of conventional natural gas to the property. In 2025, InPlay drilled 8 (8.0 net) ERH Pembina Cardium wells and participated in 1 (0.10 net) non-operated ERH Pembina Cardium well.

Rocky Mountain House (Willesden Green), Alberta

InPlay's Willesden Green, Alberta property consists of an average working interest of approximately 71% in 103,558 gross (73,678 net) acres of mainly Cardium rights. The property includes 189 gross (139.8 net) producing oil wells and 66 gross (42.3 net) producing natural gas wells. Facilities in the area include one operated battery connected to a sales oil pipeline, other minor batteries, gathering systems, compression and one operated gas plant. Production from the property is weighted 51% to light and medium crude oil and NGLs. Average daily production from the property for the year ended December 31, 2025 was 2,793 boe/d[(1).] As at December 31, 2025, the Reserve Report attributed proved plus probable reserves of 7,414 mbbl of light and medium crude oil, 5,268 mbbl of NGLs and 64,296 mmcf of conventional natural gas to the property. In 2025, InPlay participated in 1 (0.15 net) non-operated ERH well in Willesden Green.

Other Areas

In addition to the foregoing, InPlay has interests in the following other minor properties in Alberta:

Red Deer, Alberta

InPlay's Red Deer, Alberta property consists of an average working interest of approximately 52% in 88,217 gross (46,046 net) acres of various rights in the Sylvan Lake and Leslieville areas. Average daily production from the property for the year ended December 31, 2025 was 908 boe/d[(1).] The Corporation currently has no drilling planned for this area in 2025.

Huxley (Duvernay), Alberta

InPlay's East Basin Duvernay, Alberta property consists of an average working interest of approximately 100% in 12,934 gross (12,934 net) acres of various rights in the Huxley area. The Corporation currently has no drilling planned for this area in 2026 but will continue to evaluate the increasingly positive results from industry activity continuing to delineate the play.

Minor Areas

InPlay's Minor areas consist of an average working interest of approximately 45% in 32,527 gross (14,559 net) acres of various different rights outside of our core areas. Average daily production from the property for the year ended December 31, 2025 was 71 boe/d[(1).] The Corporation currently has no drilling planned for this area in 2026.

Note:

(1) See "*Other Oil and Gas Information – Production History*" for production by NI 51-101 product type.

Oil and Gas Wells

The following table sets forth the number and status of oil and natural gas wells in which the Corporation has a working interest as at December 31, 2025.

	Oil Wells				Natural Gas Wells			
	Producing		Non-Producing		Producing		Non-Producing	
	Gross	Net	Gross	Net	Gross	Net	Gross	Net
Alberta	1,207	980.9	1,105	971.2	155	112.9	155	118.3
Total	1,207	980.9	1,105	971.2	155	112.9	155	118.3

Land Holdings Including Properties with No Attributed Reserves

The following table sets out the Corporation's developed and undeveloped land holdings as at December 31, 2025.

	Developed Acres		Undeveloped Acres(1)	
	Gross	Net	Gross	Net
Alberta	500,896	393,681	173,746	110,254
Total	500,896	393,681	173,746	110,254

Note:

(1) Includes the Corporation's interest in approximately 141,988 gross acres (86,422 net acres) of unproved property land holdings to which no reserves have been specifically attributed.

Of the Corporation's undeveloped land, the rights to explore develop and exploit 908 net acres may expire by December 31, 2026 if the Corporation takes no action to retain the land. InPlay plans to submit applications to continue selected portions of this acreage. We currently have no material work commitments on our undeveloped lands, including unproved properties.

In those situations where InPlay holds interests in different formations under the same surface area pursuant to separate leases, InPlay would consider this to be two separate leases and would calculate them separately. This would arise where InPlay has purchased rights through Crown land sales, expending funds to acquire both leases separately based on the specific geological risk associated with the rights of each lease.

In the current price environment and accounting for a risked assessment of hydrocarbon potential, InPlay may delay certain exploration and development investment decisions in order to maximize the value of the properties with no attributed reserves but retaining the mineral rights for future development.

For information with respect to abandonment and reclamation costs, see "*Further Information Regarding Abandonment and Reclamation Costs*" above.

Forward Contracts and Marketing

As of December 31, 2025, InPlay does not have any material commitments to buy or sell natural gas or crude oil production.

In January 2024, InPlay entered into a Gas Handling Agreement for a period of five years with an industry partner guaranteeing access to natural gas takeaway and processing capacity in the Company's Pembina area. The minimum future payments for this agreement are as follows:

($'000s)	2026	2027	2028
Gas processing	3,486	3,555	3,636

At December 31, 2025, commodity-based derivative contracts totaling the amounts below were outstanding:

	Q1/26	Q2/26	Q3/26	Q4/26	Q1/27	Q2/27
Natural Gas AECO Swap (mcf/d)	15,165	14,215	14,215	8,560	4,265	-
Hedged price ($AECO/mcf)	$2.85	$3.00	$3.00	$3.05	$3.65	-
Natural Gas AECO Costless Collar (mcf/d)	12,320	11,375	11,375	16,400	18,950	-
Hedged price ($AECO/mcf)	$2.25 - $3.50	$2.45 - $3.50	$2.45 - $3.50	$2.85 - $4.55	$3.00 - $4.85	-
Crude Oil WTI Swap (bbl/d)	3,750	2,000	2,000	2,000	2,000	-
Hedged price ($USD WTI/bbl)	$60.30	$60.90	$60.90	$61.05	$61.05	-
Crude Oil WTI Costless Collar (bbl/d)	500	500	-	-	-	-
Hedged price ($USD WTI/bbl)	$52.50 - $62.40	$52.50 - $62.45	-	-	-	-
Crude Oil WTI Three-way Collar (bbl/d)	1,000	2,500	1,750	1,750	-	1,000
Low sold put price ($USD WTI/bbl)	$50.00	$50.00	$50.00	$50.00	-	$45.00
Mid bought put price ($USD WTI/bbl)	$57.50	$57.50	$57.50	$57.50	-	$52.50
High sold call price ($USD WTI/bbl)	$72.10	$71.95	$72.15	$72.15	-	$71.85
USD/CAD FX Forward Contract (US $’000s)	2,000	2,000	-	-	-	-
Hedged rate (USD/CAD)	1.379	1.379	-	-	-	-
USD/CAD Costless Collar (US $’000s)	2,000	2,000	-	-	-	-
Hedged rate (USD/CAD)	$1.35 - $1.40	$1.35 - $1.40	-	-	-	-
USD/CAD Variable Rate Collar (US $’000s)	-	-	3,750	3,750	-	-
Put strike rate (USD/CAD)	-	-	$1.35	$1.35	-	-
Restrike rate (USD/CAD)	-	-	$1.38	$1.38	-	-
Call Strike rate (USD/CAD)	-	-	$1.40	$1.40	-	-
Electricity AESO Swap (kW)	1,000	1,000	1,000	1,000	1,000	1,000
Hedged price ($kWh)	$0.06217	$0.06217	$0.06217	$0.06217	$0.06217	$0.06217

Subsequent to December 31, 2025 the Corporation entered into NIS/CAD foreign exchange forward contracts as follows:

Reference currency	Buy / Sell	NIS Amount ($’000s)	Average forward rate (NIS/CAD)	Expiry
ILS	Buy	11,547	2.2235	June 12, 2026
ILS	Buy	17,179	2.2235	December 14, 2026
ILS	Buy	17,086	2.2235	June 14, 2027
ILS	Buy	50,179	2.2235	December 14, 2027
ILS	Buy	16,149	2.2235	June 14, 2028
ILS	Buy	49,149	2.2235	December 14, 2028
ILS	Buy	15,035	2.2235	June 14, 2029
ILS	Buy	481,081	2.2235	December 14, 2029

Tax Horizon

The Corporation was not required to pay any cash income taxes for the period ended December 31, 2025. Based on current estimates of the Corporation's future taxable income and levels of tax deductible expenditures, management believes that the Corporation will not be required to pay cash income taxes in respect of the period ended December 31, 2026 and does not anticipate being in a cash income tax payable situation for the next three years at the currently anticipated rate of capital expenditures and forecasted commodity prices.

Costs Incurred

The following table summarizes capital expenditures (net of incentives and including capitalized general and administrative expenses) related to the Corporation's activities for the year ended December 31, 2025:

	($ thousands)
Property acquisition costs[1]	
Proved properties	289,508
Unproved properties	11,628
Exploration costs	193
Development costs	51,848
Property dispositions	(9,656)
Total	343,521

Exploration and Development Activities

The following table sets forth the gross and net exploratory and development wells in which the Corporation participated in drilling during the year ended December 31, 2025.

	Gross			Net		
	Exploration	**Development**	**Total**	**Exploration**	**Development**	**Total**
Light and Medium Crude Oil	--	10	10	--	8.2	8.2
Conventional Natural Gas	--	--	--	--	--	--
Dry[1]	--	--	--	--	--	--
Service[2]	--	--	--	--	--	--
Stratigraphic Test[3]	--	--	--	--	--	--
Total:	--	10	10	--	8.2	8.2

Notes:

(1) "Dry well" means a well which is not a productive well or a service well. A productive well is a well which is capable of producing oil and gas in commercial quantities or in quantities considered by the operator to be sufficient to justify the costs required to complete, equip and produce the well.

(2) A "service well" means a well such as a water or gas-injection, water-source or water-disposal well. Such wells do not have marketable reserves of crude oil or natural gas attributed to them but are essential to the production of the crude oil and natural gas reserves.

(3) A "stratigraphic test well" means any well or hole drilled for the purpose of gathering geological information in with no intent to produce oil or gas from such well.

In February 2026, InPlay announced that its Board of Directors approved a $66 – $74 million capital program for fiscal 2026, comprised of the planned drilling of 12 to 14 net horizontal Cardium wells during 2026, with the majority of capital directed toward its Cardium-focused light oil assets in Pembina.

To date in 2026, InPlay has drilled five (5.0 net) ERH Pembina Cardium oil wells.

Production Estimates

The following table sets out the volume of the Corporation's average estimated daily production for the year ended December 31, 2026 as estimated in the Reserve Report which is reflected in the estimate of gross proved reserves and gross probable reserves disclosed in the tables contained under "*Disclosure of Reserves Data*".

	Light Crude Oil and Medium Crude Oil		**Natural Gas Liquids**		**Conventional Natural Gas**		**Total Oil Equivalent**	
Reserves Category	**Gross (bbl/d)**	**Net (bbl/d)**	**Gross (bbl/d)**	**Net (bbl/d)**	**Gross (Mcf/d)**	**Net (Mcf/d)**	**Gross (Boe/d)**	**Net (Boe/d)**
Total Proved								
Alberta								
Pembina	8,581.7	7,473.7	1,420.7	1,095.3	32,798.1	30,470.2	15,468.8	13,647.4
Rocky	740.5	664.4	736.1	612.0	8,960.1	8,296.5	2,970.0	2,659.2
Other	36.0	30.6	7.7	6.4	81.3	72.0	57.3	49.0
Total	9,358.2	8,168.7	3,127.9	1,713.7	41,839.5	38,838.7	18,496.0	16,355.5
Total Probable								
Alberta								
Pembina	486.6	421.1	49.6	41.3	1,179.6	1,090.9	732.8	644.2
Rocky	11.4	9.0	10.8	9.0	127.6	116.0	43.5	37.3
Other	0.4	0.3	0.1	0.1	0.9	0.7	0.6	0.5
Total	498.4	430.4	60.5	50.4	1,308.1	1,207.6	776.9	682.1

Note:

(1) The Corporation's Pembina and Rocky Mountain House areas account for 95% or more of the Corporation's estimated 2026 production as reflected in the Reserve Report. There are no other areas that account for 20% or more of the Corporation's estimated 2026 production as reflected in the Reserve Report.

Production History

The following tables summarize certain information in respect of production, product prices received, royalties paid, operating expenses and resulting netback associated with InPlay's assets for the periods indicated below:

	Quarter Ended			
	2025			
	Mar. 31	**June 30**	**Sept. 30**	**Dec. 31**
Average Daily Production[1]				
Light Crude Oil and Medium Crude Oil (bbl/d)	3,429	10,328	9,122	9,614
Conventional Natural Gas (Mcf/d)	24,452	46,029	45,081	45,445
NGLs (bbl/d)	1,572	2,401	2,334	2,401
Combined (BOE/d),	9,076	20,401	18,970	19,589
Average Price Received[2][3]				
Light Crude Oil and Medium Crude Oil ($/bbl)	92.67	81.01	82.59	72.58
Conventional Natural Gas ($/Mcf)	2.33	1.83	0.75	2.56
NGLs ($/bbl)	36.86	35.88	32.31	29.86
Combined ($/BOE)	47.66	49.36	45.47	45.21
Transportation Expenses				
Light Crude Oil and Medium Crude Oil ($/bbl)	1.55	0.71	0.41	0.33
Conventional Natural Gas ($/Mcf)	0.20	0.15	0.17	0.23
NGLs ($/bbl)	0.09	0.05	2.19	2.47
Combined ($/BOE)	1.15	0.71	0.87	1.00
Royalties Paid				
Light Crude Oil and Medium Crude Oil ($/bbl)	13.04	11.20	14.90	11.27
Conventional Natural Gas ($/Mcf)[4]	0.07	0.08	(0.23)	(0.03)
NGLs ($/bbl)	4.26	4.22	4.05	2.64
Combined ($/BOE)	5.84	6.35	7.13	5.87
Operating Expenses[5]				
Light Crude Oil and Medium Crude Oil ($/bbl)	5.65	7.64	8.47	8.48
Conventional Natural Gas ($/Mcf)	1.12	0.95	1.16	1.11
NGLs ($/bbl)	2.59	1.78	2.17	2.12
Combined ($/BOE)	14.96	15.10	17.61	17.28
Operating Netback[6]				
Light Crude Oil and Medium Crude Oil ($/bbl)	72.43	61.46	58.81	52.50
Conventional Natural Gas ($/Mcf)	0.94	0.65	(0.35)	1.25
NGLs ($/bbl)	29.92	29.83	23.90	22.63
Combined ($/BOE)	25.71	27.20	19.86	21.06

Notes:

(1) Before deduction of royalties and including royalty interests.

(2) Average price received does not include the impact of the Corporation's realized gains and losses on derivative financial instruments.

(3) Refer to the section entitled "Non-GAAP and Other Financial Measures" contained within InPlay's MD&A for the year ended December 31, 2025, beginning on page 22, available on SEDAR+ at www.sedarplus.ca, for additional disclosures relating to this supplementary financial measure, which information is incorporated in this Annual Information Form by reference.

(4) Conventional Natural Gas royalties paid include Crown capital cost, operating cost and custom processing fee credits.

(5) Operating expenses are comprised of direct costs incurred to operate both oil and gas wells and facilities.

(6) Refer to the section entitled "Non-GAAP and Other Financial Measures" contained within InPlay's MD&A for the year ended December 31, 2025, beginning on page 22, available on SEDAR+ at www.sedarplus.ca, for certain additional disclosures relating to this non-GAAP measure, which information is incorporated in this Annual Information Form by reference.

The following table indicates the Corporation's average daily production, before deduction of royalties and including royalty interests, from its important fields for the year ended December 31, 2025:

	Light Crude Oil and Medium Crude Oil (bbl/d)	Conventional Natural Gas (Mcf/d)	NGLS (bbl/d)	Oil Equivalent (BOE/d)
Pembina	7,180	29,131	1,221	13,256
Rocky Mountain House	795	8,229	627	2,793
Other	168	2,963	332	994
Total Alberta	8,143	40,323	2,180	17,043

For the year ended December 31, 2025, approximately 91% of InPlay's gross revenue was derived from light and medium crude oil and natural gas liquids production and 9% was derived from conventional natural gas production.

The following table indicates the Corporation's historical average annual daily production, before deduction of royalties and including royalty interests, for the last four fiscal years:

	Light Crude Oil and Medium Crude Oil (bbl/d)	Conventional Natural Gas (Mcf/d)	NGLS (bbl/d)	Oil Equivalent (BOE/d)
2022	3,766	23,623	1,402	9,105
2023	3,822	22,839	1,396	9,025
2024	3,523	22,139	1,499	8,712
2025	8,143	40,323	2,180	17,043

DIVIDENDS

The following monthly cash dividends on Common Shares were declared in respect of the periods indicated:

	Dividends per Common Share ($)		
	2025	**2024**	**2023**
January	0.09	0.09	0.09
February	0.09	0.09	0.09
March	0.09	0.09	0.09
April	0.09	0.09	0.09
May	0.09	0.09	0.09
June	0.09	0.09	0.09
July	0.09	0.09	0.09
August	0.09	0.09	0.09
September	0.09	0.09	0.09
October	0.09	0.09	0.09
November	0.09	0.09	0.09
December	0.09	0.09	0.09
Total	1.08	1.08	1.08

Note:

(1) The figures in the table above have been updated to reflect the Share Consolidation.

Other than the foregoing, no dividends were declared payable in any of the Corporation's last three completed financial years.

The monthly dividend program is expected to continue, subject to reassessment by the Corporation's Board of

Directors on a regular basis in light of industry conditions and such other factors as the Board of Directors may determine appropriate from time to time.

It is expected the dividends declared and paid, if any, will be "eligible dividends" for income tax purposes and thus qualify for the enhanced gross up and tax credit regime available to certain holders of Common Shares. Although it is expected that dividends of the Corporation will qualify as "eligible dividends" for the purposes of the Tax Act, and thus qualify for the enhanced gross up and tax credit regime available to certain holders of Common Shares, no assurances can be given that all dividends will be designated as "eligible dividends" or qualify as "eligible dividends".

The amount of future cash dividends, if any, paid by the Corporation will be subject to the sole discretion of the Board of Directors of the Corporation and may vary depending on a variety of factors and conditions existing from time to time, including fluctuations in commodity prices, operating costs and funds flow, working capital and capital expenditure requirements, debt service requirements, foreign exchange rates and the satisfaction of certain lender restrictions and solvency tests imposed by the ABCA for the declaration and payment of dividends.

The Corporation's senior credit facilities and the Bonds currently restrict the Corporation from paying dividends under certain circumstances without approval from its lenders. Pursuant to InPlay's credit facilities and the Bond, the following conditions must be satisfied in order to pay a dividend:

- Shareholders' Equity(1), both before and on a pro forma basis after giving effect to the dividend, is greater than $210 million;
- the Adjusted Net Debt to Adjusted EBITDA(2)(3) ratio, both before and on a pro forma basis after giving effect to the dividend, is less than or equal to 3.50:1.00;
- the trailing twelve-month Senior Debt(4) to earnings before interest, taxes and depletion ratio, both before and on a pro forma basis after giving effect to the dividend, is less than or equal to 1.25:1.00; and
- the outstanding principal under the Senior Credit Facility, both before and after giving pro forma effect to the dividend, shall be less than or equal to 70% of the total borrowing base of the credit facilities.

Notes:

(1) As presented on the statement of financial position of the Company's financial statements for the year ended December 31, 2025.
(2) Adjusted EBITDA is calculated the same as the calculation of EBITDA in Note 21 of the Company's financial statements for the year ended December 31, 2025.
(3) If Adjusted Net Debt / Adjusted EBITDA >2.0:1, permitted distributions are limited to 50% of AFF for the year.
(4) Senior Debt refers to amounts outstanding relating to the Company's Senior Credit Facility and excludes the Bond.

For information relating to risks relating to dividends, see "*Risk Factors – Dividends*".

DESCRIPTION OF CAPITAL STRUCTURE

Share Capital

The Corporation is authorized to issue an unlimited number of Common Shares and an unlimited number of preferred shares issuable in series. No preferred shares are currently issued and outstanding. The following is a description of the rights, privileges, restrictions and conditions attaching to the shares.

Common Shares

Holders of Common Shares are entitled to notice of, to attend and to one vote per Common Share held at meetings of shareholders of the Corporation and are entitled to dividends if, as and when declared by the board of directors and, upon liquidation, dissolution or winding-up, to receive the remaining property of the Corporation.

Preferred Shares

Subject to the provisions of the ABCA, the board of directors of InPlay is authorized to fix, before the issue thereof, the designation, rights and privileges, restrictions and conditions attaching to any series of preferred shares.

MARKET FOR SECURITIES

Trading Price and Volume

The Common Shares are listed and posted for trading on the TSX and trade under the symbol "IPO". The following sets forth trading information for the InPlay Shares (as reported by the TSX) for the periods indicated.

Period	Price Range ($) High	Low	Volume
2025			
January	11.22	9.90	290,538
February	10.80	9.42	710,966
March	10.14	8.70	690,832
April	7.90	7.44	1,135,055
May	8.85	6.54	1,327,178
June	10.38	8.69	2,292,905
July	10.90	9.04	1,889,084
August	11.54	10.15	1,221,124
September	12.77	11.21	1,311,407
October	13.73	11.00	1,416,284
November	13.37	11.88	801,500
December	13.19	11.95	760,054
2026			
January	15.32	11.95	1,272,781
February	16.09	14.01	1,497,920
March (1 –27)	18.82	15.69	2,078,710

Note:

(1) The figures in the table above have been updated to reflect the Share Consolidation.

Prior Sales of Unlisted Securities

The following table summarizes the issuances by InPlay of Common Shares from treasury or securities convertible into Common Shares in the twelve-month period prior to the date hereof:

Date of Issuance	Type of Transaction	Number of Securities	Price Per Security
March 24, 2025	Grant of Options	379,833	$9.60
March 18, 2025	Grant of Performance Share Awards	118,567	N/A
May 13, 2025	Grant of Performance Share Awards	404,782	N/A
September 10, 2025	Grant of Performance Share Awards	3,340	N/A
March 18, 2025	Grant of Restricted Share Awards	169,608	N/A
April 7, 2025	Grant of Restricted Share Awards	38,000	N/A
May 13, 2025	Grant of Restricted Share Awards	301,802	N/A
June 30, 2025	Grant of Restricted Share Awards	19,770	N/A
September 10, 2025	Grant of Restricted Share Awards	31,425	N/A
November 21, 2025	Grant of Restricted Share Awards	10,650	N/A

Note:

(1) The figures in the table above have been updated to reflect the Share Consolidation.

ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTIONS ON TRANSFER

There are no securities of the Corporation currently held in escrow. Subject to senior officers of the Corporation maintaining and continuing to satisfy the Corporation's share ownership guidelines established by its Board of Directors, there are no securities of the Corporation subject to contractual restrictions on transfer. For details of the Corporation's share ownership guidelines, see "*Executive Compensation – Share Ownership Guidelines*" in the Corporation's most recently filed annual information circular.

DIRECTORS AND OFFICERS

The following table sets forth the names of directors and officers of InPlay, together with their province and country of residence, period served as a director, the number of voting securities of InPlay beneficially owned, or controlled or directed, directly or indirectly by such individuals, the offices held in the Corporation, membership on committees of the board of directors and principal occupations for the past five years. The information as to InPlay Shares beneficially owned or controlled or directed is based upon information furnished to InPlay by the individuals as of the date hereof.

Name, Province and Country of Residence	Age	Director Since	Common Shares Beneficially Owned, Controlled or Directed, Directly or Indirectly
Douglas J. Bartole Alberta, Canada	60	November, 2012	352,863
President, Chief Executive Officer and Director	President and Chief Executive Officer of the Corporation since November 2012; prior thereto, Mr. Bartole was President and Chief Executive Officer of Vero Energy Inc., a public oil and gas company, from September 2005 to November 2012.		

Name, Province and Country of Residence	Age	Director Since	Common Shares Beneficially Owned, Controlled or Directed, Directly or Indirectly
Regan Davis Alberta, Canada	61	January, 2023	17,896
Independent Director Member of: - Audit Committee - Compensation Committee - Corporate Governance & EHS&S Committee(2)	Business/Leadership Advisor and Professional Director; prior thereto, President, Chief Executive Officer and Director of STEP Energy Services Ltd., an oil and gas services company (that became public in 2017), from March 2011 to September 2022. Mr. Davis is a Professional Engineer with the Association of Professional Engineers and Geoscientists of Alberta (APEGA) and holds a ICD.D designation with the Institute of Corporate Directors.		

Name, Province and Country of Residence	Age	Director Since	Common Shares Beneficially Owned, Controlled or Directed, Directly or Indirectly
Joan E. Dunne Alberta, Canada	67	June, 2021	21,852
Independent Director Member of: -Audit Committee -Compensation Committee(2) -Corporate Governance & EHS&S Committee	Professional Director; prior thereto, Vice President, Finance and Chief Financial Officer of Painted Pony Energy Ltd., a public oil and gas company.		

Name, Province and Country of Residence	Age	Director Since	Common Shares Beneficially Owned, Controlled or Directed, Directly or Indirectly
Craig Golinowski Alberta, Canada	46	May, 2014(7)	Nil(4)
Chairman of the Board Member of: -Reserves Committee -Compensation Committee	President of Carbon Infrastructure Partners Corp., a private equity investment management company, since January 2019 and prior thereto Managing Director of Carbon Infrastructure Partners Corp. since 2007; prior thereto, Mr. Golinowski was an Investment Banker with RBC Capital Markets from 2002 to 2005.		

Name, Province and Country of Residence	Age	Director Since	Common Shares Beneficially Owned, Controlled or Directed, Directly or Indirectly
Ehud Erez Tel Aviv, Israel	70	August, 2025(8)	Nil(5)
Independent Director	Chairman and director of Delek Group Ltd. Prior thereto, Mr. Erez previously served as the Chairman of Elad Group which specializes in Real Estate, prior to that he served as the CEO of Elad Group and prior to that as the CEO of Elad Canada. Currently, Mr. Erez serves as a board member in several Israeli firms, including Southern Properties Capital, Mishorim Investments and Luzon Group.		

Name, Province and Country of Residence	Age	Director Since	Common Shares Beneficially Owned, Controlled or Directed, Directly or Indirectly
Stephen C. Nikiforuk Alberta, Canada	57	November, 2013	21,494
Independent Director Member of: -Audit Committee(2) -Reserves Committee	President and Chief Experience Officer of Viridian Family Office Inc. (formerly Loram 99 Corporation ("**Loram 99**")), a private company, since October 1, 2020. Prior thereto he was the Controller then the General Manager of Loram 99 since November 2019. Prior thereto, he was the President of MyOwnCFO Professional Corporation and MyOwnCFO Inc. from July 2009 to November 2019 (both private companies). Before then, Mr. Nikiforuk was the Corporate Business Manager of 1173373 Alberta Ltd. (a private company) from July 2009 to July 2011 and the Vice President, Finance and Chief Financial Officer of Cadence Energy Inc. (formerly, Kereco Energy Ltd.), a public oil and gas company, from January 2005 to March 2008. Mr. Nikiforuk is an active CPA, CA, holds an ICD.D designation as well as a Family Enterprise Advisor designation.		

Name, Province and Country of Residence	Age	Director Since	Common Shares Beneficially Owned, Controlled or Directed, Directly or Indirectly
Tamir Polikar Tel Aviv, Israel	60	August, 2025[8]	Nil[6]
Independent Director	Executive VP and CFO of Delek Group Ltd. Prior thereto, Mr. Polikar held several senior positions in different sectors such as finance, energy and real estate. During his 30 years of top management experience Mr. Polikar served as the CEO of Aspen Group, CFO of Israel's Electric Corporation, CEO of Sonol Israel, CFO of Azrieli Group and the CFO of Petrolgaz Group.		

Name, Province and Country of Residence	Age	Director Since	Common Shares Beneficially Owned, Controlled or Directed, Directly or Indirectly
Dale O. Shwed Alberta, Canada	67	July, 2013	17,524
Independent Director Member of: -Reserves Committee[2] -Corporate Governance & EHS&S Committee	Professional Director; prior thereto, President and Chief Executive Officer of Crew Energy Inc. ("**Crew**"), a public oil and gas company, from June 2003 to October 2024; prior thereto, Mr. Shwed was a founder and the President and Chief Executive Officer of Baytex Energy Ltd., a public oil and gas company from 1993 through 2003.		

Name, Province and Country of Residence	Age	Director Since	Common Shares Beneficially Owned, Controlled or Directed, Directly or Indirectly
Kevin Yakiwchuk Alberta, Canada	56	N/A	150,236
Vice President Exploration	Vice President Exploration of the Corporation; prior thereto, founder and VP Exploration at Vero Energy Inc.; prior thereto, VP Exploration at True Energy; prior thereto, Geologist at Crestar Energy, Renaissance Energy and Shell Canada.		

Name, Province and Country of Residence	Age	Director Since	Common Shares Beneficially Owned, Controlled or Directed, Directly or Indirectly
Darren Dittmer Alberta, Canada	56	N/A	201,672
Chief Financial Officer	Chief Financial Officer of the Corporation; prior thereto, CFO of Barrick Energy Inc. from September 2008 until sale of all assets in July 2013; prior thereto, Controller and CFO of Cadence Energy; and prior thereto, Controller of Kereco Energy, Ketch Resources and Upton Resources. Mr. Dittmer holds a Chartered Professional Accountant, CMA designation.		

Name, Province and Country of Residence	Age	Director Since	Common Shares Beneficially Owned, Controlled or Directed, Directly or Indirectly
Brent Howard Alberta, Canada	44	N/A	36,955

VP Operations

Vice President Operations of the Corporation; prior thereto, Manager of Operations of Prairie Storm and of the Corporation subsequent to the PS Arrangement; prior thereto, VP Production at Coral Hill Energy Ltd.; prior thereto, Engineer at Bellamont Exploration Ltd, Wave Energy Ltd. And Penn West Energy Trust.

Name, Province and Country of Residence	Age	Director Since	Common Shares Beneficially Owned, Controlled or Directed, Directly or Indirectly
Kevin Leonard Alberta, Canada	44	N/A	30,967

VP Business & Corporate Development

Vice President Business & Corporate Development of the Corporation; prior thereto, Co-Founder and Managing Director, Investment Banking at Eight Capital; prior thereto, Managing Director, Energy Investment Banking at Dundee Capital Markets; prior thereto, Vice President Energy Investment Banking at Canaccord Genuity.

Name, Province and Country of Residence	Age	Director Since	Common Shares Beneficially Owned, Controlled or Directed, Directly or Indirectly
Rob Jamieson Alberta, Canada	49	N/A	35,388

VP Engineering

Vice President Engineering of the Corporation; prior thereto, Manager Engineering of the Corporation from June 2022 to April 2025; prior thereto, VP Operations & COO of Amicus Petroleum. Prior engineering roles at Coral Hill Energy, Wave Energy and Penn West Energy.

Notes:

(1) All of the directors will hold office until the next annual meeting of shareholders or until their successor is duly elected or appointed, unless their office is earlier vacated.

(2) Chairman of Committee.

(3) The Corporation does not have an Executive Committee.

(4) Mr. Golinowski does not currently own, or exercise direction and control over, any Common Shares. Mr. Golinowski is the President of Carbon Infrastructure Partners Corp., a private equity investment management company which manages each of JOG Limited Partnership No. VI and JOG VI B Limited Partnership, which collectively own an aggregate of 3,505,680 Common Shares.

(5) Mr. Erez does not currently own, or exercise direction and control over, any Common Shares. Mr. Erez is the Chairman and a director of Delek Group Ltd. ("**Delek Group**"), which owns an aggregate of 9,139,784 Common Shares.

(6) Mr. Polikar does not currently own, or exercise direction and control over, any Common Shares. Mr. Polikar is the Executive Vice President and Chief Financial Officer of Delek Group, which owns an aggregate of 9,139,784 Common Shares.

(7) Director nominee of Carbon Infrastructure Partners Corp. pursuant to an investor rights agreement dated October 18, 2016, among JOG Limited Partnership No. VI, JOG VI B Limited Partnership and InPlay, as amended by an amending agreement dated April 7, 2025.

(8) Director nominee of Delek Group pursuant to an investor rights agreement effective August 7, 2026.

All of the directors and officers of InPlay have been engaged for more than five years in their present principal occupations or executive positions with the same companies except as described above.

The term of office of each director expires at the next annual meeting of shareholders of the Corporation.

As at December 31, 2025, the directors and executive officers of InPlay, as a group, beneficially owned, or controlled or directed, directly or indirectly, an aggregate of 886,847 Common Shares representing approximately 3.2% of the issued and outstanding Common Shares.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

Cease Trade Orders

To InPlay's knowledge, other than as disclosed herein, no director or executive officer of the Corporation is, as at the date hereof, or was within 10 years before the date hereof, a director, chief executive officer or chief financial officer of any issuer (including the Corporation) that: (a) was subject to an order that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or (b) was subject to an order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer. For the purposes of the above, "order" means a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation that was in effect for a period of more than 30 consecutive days.

Bankruptcies

To InPlay's knowledge, other than as disclosed herein, no director or executive officer of the Corporation, or a shareholder holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation (a) is, as at the date hereof, or has been, within the 10 years before the date hereof, a director or executive officer of any issuer (including the Corporation) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets or (b) has, within the 10 years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

Mr. Golinowski, a director of the Corporation, is a director of Glenogle Energy Inc. which filed for protection under the CCAA on September 8, 2020.

Penalties or Sanctions

To InPlay's knowledge, other than as disclosed herein, no director or executive officer of the Corporation, or a shareholder holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation, has been subject to (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority or (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Conflicts of Interest

There are potential conflicts of interest to which the directors and officers of InPlay will be subject to in connection with the operations of InPlay. In particular, certain of the directors and officers of InPlay are or may be involved in managerial or director positions with other oil and gas companies whose operations may, from time to time, be in direct competition with InPlay or with entities which may, from time to time, provide financing to, or make equity investments in, InPlay's competitors. In accordance with ABCA, directors who have a material interest or any person who is a party to a material contract or a proposed material contract with InPlay are required, subject to certain exceptions, to disclose that interest and generally abstain from voting on any resolution to approve the contract.

AUDIT COMMITTEE INFORMATION

Audit Committee Mandate

The text of the Audit Committee's Mandate and Terms of Reference is attached hereto as Appendix C.

Composition of the Audit Committee

The members of our Audit Committee for the last fiscal year ended were Mr. Nikiforuk (Chair), Ms. Dunne and Mr. Davis, each of whom is independent and financially literate. We have adopted the definition of "independence" as set out in Section 1.4 of National Instrument 52-110 — *Audit Committees* ("**NI 52-110**"). The relevant education and experience of each Audit Committee member is outlined below:

Stephen C. Nikiforuk: *Viridian Family Office Inc.*

Mr. Nikiforuk became the President and Chief Experience Officer of Viridian Family Office Inc. (formerly Loram 99 Corporation), a private company on October 1, 2020 and prior thereto was the Controller and then the General Manager of Loram 99 Corporation since November 2019. Prior thereto he was the President of MyOwnCFO Professional Corporation and MyOwnCFO Inc. from July 2009 to November 2019, both private companies. Before then, Mr. Nikiforuk was the Corporate Business Manager of 1173373 Alberta Ltd. (a private company) from July 2009 to July 2011 and the Vice President, Finance and Chief Financial Officer of Cadence Energy Inc. (formerly, Kereco Energy Ltd.) a public oil and gas company, from January 2005 to March 2008.

Mr. Nikiforuk holds a B.B.A. with an accounting major from Saint Francis Xavier University. Mr. Nikiforuk is an active Chartered Professional Accountant, CA and in 2013 completed the Directors Education Program developed by the Institute of Corporate Directors and holds their ICD.D designation. In June 2016, Mr. Nikiforuk also obtained the Family Enterprise Advisor designation.

Mr. Nikiforuk is a director of CanAir Nitrogen Inc., a private company that supplies the oil and gas industry in Alberta and British Columbia with cryogenic liquid nitrogen and is also a director and Audit Committee Chair of Whitecap Resources Inc., a public light oil production and development company.

Joan Dunne: *Professional Director*

Ms. Dunne is a Director of Tundra Oil & Gas Limited, a private, wholly-owned subsidiary of James Richardson & Sons, Limited. She was a director of Webber Academy (a private school) from 2019 to 2024. She was a director of Three Valley Copper Corp. (formerly SRHI Inc.), a publicly-listed international mining company, from 2014 to 2023 and of the Capital Markets Authority Implementation Organization from 2016 to 2021. From 2016 to 2020, Ms. Dunne was a director of Painted Pony Energy Ltd. and was formerly the Vice President, Finance and Chief Financial Officer of Painted Pony from start-up in 2007 until retiring in September 2013.

Ms. Dunne holds a B. Comm. with an accounting major from the University of Calgary. Ms. Dunne is a CPA, CA and in 2016 completed the Directors Education Program by the Institute of Corporate Directors and holds the ICD.D designation. In 2021, she received the designation of Fellow of the Chartered Professional Accountants of Alberta.

Regan Davis: *Professional Director*

Mr. Davis is a Director of Sanjel Energy Services, a private company that provides energy services across Canada, as well as the Chairman of the Board of Core Linepipe, a private company that manufactures and sells corrosion less pipeline products in Canada and the USA. He most recently served as the Chief Executive Officer and Director of STEP Energy Services until his retirement on September 30, 2022 where he was a cofounder and led the company through multiple acquisitions, expansion into the United States and an initial public offering. Mr. Davis has an extensive resume with exploration and production companies including management and board positions. He was named Ernst & Young's Entrepreneur of the Year in 2006, 2014 and 2017.

Mr. Davis holds an ICD.D designation as well as a P.Eng. designation and has held board positions with various public, private, and charitable organizations.

Pre-Approval of Policies and Procedures

The Audit Committee has adopted a policy to review and pre-approve any non-audit services to be provided to InPlay by our external auditors and will consider the impact on the independence of such auditors. The Audit Committee delegated to the Audit Chair the authority to pre-approve non-audit services, provided that the Chair reports to the Audit Committee at the next scheduled meeting such pre-approval and the Chair complies with such other procedures as may be established by the Audit Committee from time to time.

External Auditor Service Fees

The following table provides information about the fees billed to InPlay and its subsidiaries for professional services rendered by PriceWaterhouseCoopers LLP, the Corporation's external auditors, during fiscal 2025 and 2024:

	Aggregate fees billed	
	2025	2024
Audit fees	$394,000	$237,500
Audit-related fees	60,000	58,000
Tax fees	7,500	6,500
All other fees	258,898	70,729
	$720,398	$372,729

Audit Fees. Audit fees consist of fees for the audit of InPlay's annual financial statements or services that are normally provided in connection with statutory and regulatory filings or engagements.

Audit-Related Fees. Comprised of fees for reviews of quarterly financial statements.

Tax Fees. Tax fees included tax planning and various taxation matters.

All Other Fees. Other services provided by InPlay's external auditor other than audit, audit-related and tax services.

Reliance on Exemptions

At no time since the commencement of our most recently completed financial year have we relied on any of the exemptions contained in National Instrument 52-110 – *Audit Committees* with respect to independence or composition of our Audit Committee.

Audit Committee Oversight

At no time since commencement to the most recently completed financial year has a recommendation of the Audit Committee to nominate or compensate an external auditor not been adopted by our board of directors.

HUMAN RESOURCES

InPlay currently employs 87 full-time employees, of which 41 are located in the head office and 46 are field employees, along with 4 part-time consultants. InPlay intends to add additional professional and administrative staff as the need arises.

INDUSTRY CONDITIONS

Companies operating in the Canadian oil and gas industry are subject to extensive regulation and control of operations, including matters related to land tenure, exploration, development, production, refining and upgrading, transportation, and marketing. Legislation has been enacted by, and agreements have been entered into between, various levels of government regarding the pricing and taxation of petroleum and natural gas, all of which should be carefully considered by investors in the Corporation. All current legislation is a matter of public record; however, Corporation is unable to predict what additional legislation or amendments governments may enact in the future.

The Corporation's assets and operations are regulated by administrative agencies that derive their authority from legislation enacted by the applicable level of government. Regulated aspects of the Corporation's upstream oil and natural gas business include all activities associated with the exploration and production of oil and natural gas, including, among other matters: (i) permits for drilling wells and constructing related infrastructure; (ii) technical drilling and well requirements; (iii) permitted locations and access to operation sites; (iv) operating standards regarding conservation of produced substances and avoidance of waste, such as restrictions on flaring and venting; (v) minimizing environmental impacts, including reducing emissions; (vi) storage, injection, and disposal of substances associated with production operations; and (vii) abandonment and reclamation of impacted sites.

To conduct oil and natural gas operations and remain in good standing with applicable regulatory regimes, producers must comply with applicable legislation, regulations, orders, directives, and other directions, all of which are subject to governmental oversight, review, and revision from time to time. Compliance can be costly, and breaches may result in fines or other sanctions.

The discussion below outlines some of the principal aspects of legislation, regulations, agreements, orders, directives, and other pertinent conditions that impact the oil and gas industry in Western Canada, where the Corporation's assets are primarily located. While these matters do not affect the Corporation's operations in any manner that is materially different from the way they affect other similarly sized industry participants with comparable assets and operations, investors should consider such matters carefully.

Exports of Crude Oil, Natural Gas and NGLs from Canada

Over the past year, U.S. tariffs on certain Canadian products, including energy, along with Canada's reciprocal measures, have added complexity to cross-border energy trade. The U.S.-Canada tariff environment remains volatile, with duties affecting products that do not qualify for United States-Mexico-Canada Agreement ("**USMCA**") exemptions. On February 20, 2026, the U.S. Supreme Court ("**SCOTUS**") held that the Trump administration lacked legal authority to impose certain tariffs under the *International Emergency Economic Powers Act* and U.S. Customs and Border Protection announced that it would cease collecting the affected tariffs. In response to the SCOTUS decision, the Trump administration indicated that it intends to impose alternative tariffs or adopt other trade measures on its trading partners, including Canada. SCOTUS' decision, the Trump's administration's response and the ongoing USMCA review add further uncertainty regarding whether crude oil, natural gas, and NGL exports to the U.S. could ultimately be subject to tariffs or other trade measures. These dynamics influence export costs, market access, and demand for Canadian energy products. The impact of continuing or new tariffs or other trade measures on the Canadian economy and Canadian energy producers is uncertain.

In recent years, Canada has expanded oil and gas exports beyond the U.S. The completion of the Trans Mountain Expansion has enabled crude shipments to Asia and Europe, with China, South Korea, and India emerging as major buyers. Seaborne exports to Europe have also increased. In natural gas, Canada's first large-scale liquefied natural gas ("**LNG**") terminal began operations in mid-2025, opening access to global markets. These developments mark a strategic shift toward diversified energy export destinations; however, the U.S. remains the largest customer of Canadian energy products. As a result, actions taken by the U.S. administration or other events impacting U.S. demand for Canadian energy products can result in a significant impact on the pricing the Corporation and other Canadian producers receive for their energy products.

Pricing and Marketing in Canada

The price of crude oil, natural gas, and NGLs is negotiated between buyers and sellers. Various factors may influence prices, including global supply and demand, product quality, distance to market, availability of transportation, value of refined products, prices of competing products, price of competing stock, contract terms, weather conditions, supply/demand balance, and other contractual provisions.

Transportation Constraints and Market Access

Despite having significant capacity to move crude oil, natural gas, and NGLs from Western Canada, much of this transportation infrastructure is oriented toward the United States. As a result, even though Western Canada possesses the ability to transport large volumes, market access remains constrained because limited capacity is available for deliveries to Eastern Canada and overseas markets. This reliance on U.S.-bound infrastructure continues to restrict

Canada's ability to diversify export destinations. Many proposed projects that could broaden access, particularly those aimed at enabling greater movement to other international markets, have been cancelled or delayed due to regulatory hurdles, court challenges, and economic or socio-political factors.

Oil Pipelines

In Canada, producers negotiate with pipeline operators to transport their products to market on a firm, spot or interruptible basis depending on the specific pipeline and the specific substance. Transportation availability is highly variable across different jurisdictions and regions. This variability can determine the nature of transportation commitments available, the number of potential customers and the price received.

Under Canadian constitutional law, the development and operation of interprovincial and international pipelines fall within federal jurisdiction and, under the *Canadian Energy Regulator Act*, new interprovincial and international pipelines require a federal regulatory review and Cabinet approval before they can proceed. In recent years, however, there has been a perceived lack of policy and regulatory certainty in this regard such that, even when projects are approved, they often face delays due to actions taken by provincial and municipal governments and legal opposition related to issues such as Indigenous rights and title, the government's duty to consult and accommodate Indigenous peoples and the sufficiency of relevant environmental review processes. Export pipelines from Canada to the United States face additional unpredictability as such pipelines also require approvals from several levels of government in the United States.

In June 2025, Bill C-5 (the *One Canadian Economy Act*) came into force, granting the federal government authority to expedite approval of "national interest" infrastructure projects, including pipelines. While the legislation aims to reduce regulatory delays, it has drawn mixed reactions: industry stakeholders generally support its streamlining measures, whereas certain rights holders, particularly Indigenous groups, have expressed concerns regarding its implications. The federal government is currently engaged in consultations with provinces, territories, and Indigenous communities regarding implementation.

On November 27, 2025, the governments of Canada and Alberta signed a Memorandum of Understanding (**MOU**) to collaborate on supporting the development of oil and gas resources, renewable energy, critical minerals, and other resource sectors in Western Canada. The MOU includes a federal government commitment to not implement the Oil and Gas Sector Greenhouse Gas Emissions Cap Regulations ("**Oil and Gas Emissions Cap**") and the commitment of both levels of government to design and commit to sector-specific stringency factors for large Alberta emitters under Alberta's Technology Innovation and Emissions Reduction Regulation ("**TIER**"), and to continue the annual carbon tax rate increase up to $130 per tonne.

The agreements to be established under the MOU are expected to be finalized in 2026 and 2027.

Natural Gas and Liquefied Natural Gas ("LNG")

Natural gas prices in Western Canada have been constrained in recent years, reaching record lows in 2025 due to increasing North American supply, limited market access, and restricted storage capacity. Companies that secure firm access to infrastructure for transporting natural gas out of Western Canada may be able to access additional markets and achieve better pricing. Companies without firm access may be forced to accept spot pricing in Western Canada, which is generally lower than prices in other North American regions.

In October 2020, TC Energy Corporation ("**TC**") received federal approval to expand the Nova Gas Transmission Line system (the "**NGTL System**"). The NGTL system is currently implementing a $9.9 billion infrastructure program. In July 2024, TC announced an historic equity interest purchase agreement with an Indigenous-owned investment partnership which will enable up to 72 Indigenous communities to become equity owners of the network of infrastructure assets spanning Western Canada, however as of September 2024, the deal has been delayed.

In 2025, LNG Canada became fully operational as the country's first large-scale LNG export terminal, marking a significant milestone in Canada's emergence as a global LNG supplier. The project exported its first cargo from the Kitimat terminal in July 2025, and by September had already shipped ten cargoes to international markets, with export volumes continuing to rise thereafter. In addition, on August 6, 2025, JGC and Fluor were awarded a contract to update the Front-End Engineering and Design for the proposed Phase 2 expansion, which aims to double the facility's annual LNG production capacity.

A wide range of energy infrastructure projects, including natural gas pipelines, oil pipelines, LNG export facilities, and related transmission upgrades, remain in various stages of development across Canada. These include projects that are under construction, as well as others that are proposed, awaiting regulatory approvals, or still pending final investment decisions. Together, these projects reflect a significant pipeline of potential development subject to evolving market conditions, regulatory processes, and investment decisions.

Land Tenure

Mineral Rights

Except in Manitoba, each provincial government in Western Canada owns most of the mineral rights to oil and natural gas located within its borders. Provincial governments grant rights to explore for and produce oil and natural gas through leases, licences, and permits (collectively referred to as "**leases**") for varying terms and subject to conditions set forth in provincial legislation, including requirements to perform specific work or make payments in lieu thereof. Provincial governments in Western Canada conduct land sales where oil and natural gas companies bid for leases necessary to explore for and produce provincially owned oil and natural gas. These leases generally have fixed terms but may be continued beyond their initial terms if the required conditions are satisfied.

Private ownership of oil and natural gas (i.e., freehold mineral lands) also exists in Western Canada, as well as rights to explore for and produce privately owned oil and natural gas are granted by a lease or other contract on terms and conditions negotiated between the mineral rights holder and companies seeking to explore for and/or develop oil and natural gas reserves.

Where the Corporation operates on, or near, First Nation reserve lands or in areas subject to Indigenous rights or title, its success is closely tied to building and maintaining strong, respectful, and durable relationships with Indigenous peoples. This may take various forms, including the negotiation of Impact Benefit Agreements, participation in equity ownership frameworks, collaboration on environmental stewardship, and engagement protocols that reflect the priorities, governance structures, and decision-making processes of the potentially affected Nations. Many proposed and ongoing energy and infrastructure projects across Canada increasingly require proactive partnership with Indigenous communities, both to secure regulatory approvals and to support long-term operational certainty. As such, constructive engagement, grounded in transparency, mutual benefit, and recognition of Indigenous rights, is a critical component of the Corporation's ability to advance and sustain its activities in these regions.

An additional category of mineral rights ownership is Canadian federal government ownership of mineral rights on First Nation reserve lands (as designated under the *Indian Act*), which is managed and regulated by a separate government body under distinct legislation. The Corporation does not have operations on reserve lands.

Surface Rights

To develop oil and natural gas resources, producers must also secure access rights to the surface lands required to conduct operations. For Crown lands, surface access rights can be obtained directly from the government. For private lands, access rights are typically negotiated with the landowner. Where an agreement cannot be reached, each province has developed its own process that producers can follow to obtain and maintain the surface access necessary to conduct operations.

Royalties and Incentives

Each province has legislation and regulations in place to govern Crown royalties and establish the royalty rates that producers must pay for the production of Crown resources. Provincial royalty regimes operate in conjunction with applicable federal and provincial taxes and are a significant factor in the profitability of oil sands projects and oil, natural gas, and NGL production.

Royalties payable on production from lands where the Crown does not hold the mineral rights are negotiated between the mineral freehold owner and the lessee, although certain provincial taxes and other charges on production or revenues may still apply. Royalties from production on Crown lands are determined by provincial regulation and are generally calculated as a percentage of the value of production.

Producers and working interest owners of oil and natural gas rights may create additional royalties or royalty-like interests, such as overriding royalties, net profits interests, and net carried interests, through private transactions, the terms of which are subject to negotiation.

From time to time, the federal and provincial governments create incentive programs for businesses operating in specific industries, such as oil and gas. These programs are often introduced when commodity prices are low to encourage exploration and development activity. They may provide volume-based incentives, royalty rate reductions, royalty holidays, or royalty tax credits. Governments may also introduce incentive programs to encourage producers to prioritize certain kinds of development or to utilize technologies that enhance recovery of oil, natural gas, and NGLs, or improve environmental performance.

Regulatory Authorities and Environmental Regulation

The Canadian oil and gas industry is subject to environmental regulation under a variety of federal, provincial, territorial, and municipal laws and regulations, all of which are subject to governmental review and revision from time to time. These regulations provide for, among other things, restrictions and prohibitions on the spill, release, or emission of substances produced in association with certain oil and gas operations, such as sulphur dioxide and nitrous oxide. Regulatory regimes also establish requirements for oilfield waste handling and storage, habitat protection, and the proper operation, maintenance, abandonment, and reclamation of well, facility, and pipeline sites.

Compliance with these regulations can require significant expenditures, and breaches may result in suspension or revocation of licences and authorizations, civil liability, and the imposition of material fines and penalties. In addition, future changes to environmental legislation, including legislation related to air pollution and greenhouse gas ("**GHG**") emissions (typically measured in terms of global warming potential and expressed as carbon dioxide equivalent ("**CO2e**")), may impose further requirements on operators and other companies in the oil and gas industry. Companies engaged in hydraulic fracturing operations are subject to additional operational, regulatory, and reporting requirements.

Liability Management

The Alberta Energy Regulator ("**AER**") administers several liability management programs to manage liability for most conventional upstream oil and natural gas wells, facilities, and pipelines in Alberta. The province continues to transition from a prescriptive framework toward a more holistic approach under its Liability Management Framework.

Alberta maintains an orphan fund to cover the costs of suspending, abandoning, remediating, and reclaiming wells, facilities, or pipelines included in certain AER programs if a licensee or working interest participant becomes insolvent or is otherwise unable to meet its obligations. The orphan fund is financed through levies imposed on industry participants and provincial loans. In March 2025, the Alberta government approved a $144.45 million levy for the Orphan Well Association's 2025/26 operating budget.

The Supreme Court of Canada's ("**SCC**") decision in *Orphan Well Association v. Grant Thornton* (often referred to as the "Redwater" decision) continues to shape Alberta's liability management regime. As a result of the Redwater decision, receivers and trustees can no longer avoid the AER's legislated authority to impose abandonment orders or require security deposits before approving licence transfers during insolvency proceedings. Insolvent estates can no longer disclaim assets that have reached the end of their productive lives to prioritize valuable assets without first satisfying abandonment and reclamation obligations. The burden of a defunct licensee's obligations first falls on its working interest partners; thereafter, the AER may direct the orphan fund to assume care and custody and accelerate clean-up of wells or sites which do not have a responsible owner.

To address abandonment and reclamation liabilities, the AER periodically implements programs to encourage the decommissioning, remediation, and reclamation of inactive or marginal oil and natural gas infrastructure. In late 2025, the AER introduced mandatory annual closure spending requirements effective in 2026, reinforcing proactive liability reduction measures.

Similar to Alberta, British Columbia's regulator has moved away from formulaic liability management toward a holistic assessment of a permit holder's ability to meet abandonment and reclamation obligations. B.C. also maintains an orphan site program. The British Columbia Dormancy and Shutdown Regulation, amended effective April 1, 2025, establishes legally binding timelines for restoring oil and natural gas wells, aiming for 100% reclamation of currently dormant sites by 2036, with additional timelines for sites that became dormant between 2019 and 2023 and those becoming dormant after 2024.

Saskatchewan administers liability management through its Licensee Liability Rating program and the Inactive Liability Reduction Program, which mandates annual decommissioning expenditures. Saskatchewan's orphan fund, funded entirely by industry, continues to reclaim orphaned wells and facilities, with over 1,000 inactive sites restored as of early 2025.

Manitoba has not implemented a formal liability management rating program like those in other Western Canadian provinces. However, the province has processes in place to sell or abandon wells or facilities when a licensee or permittee fails to comply with a shutdown order, including rehabilitating abandoned sites and addressing any adverse property impacts.

Climate Change Regulation

Climate change regulation is a significant aspect of the operating environment for Canada's oil and gas industry. International agreements, federal initiatives, and provincial programs continue to shape emissions reduction targets, carbon pricing mechanisms, and reporting requirements. Current frameworks include measures such as carbon taxes, emissions caps, and incentives for low-carbon technologies, with ongoing reviews aimed at tightening standards to meet Canada's climate commitments.

Federal

Canada is a signatory to the United Nations Framework Convention on Climate Change and ratified the Paris Agreement, committing to reduce greenhouse gas emissions by 30% below 2005 levels by 2030. In 2021, Canada strengthened this target to a 40–45% reduction by 2030 and net-zero emissions by 2050. Canada has also pledged to reduce methane emissions from the oil and gas sector by 75% from 2012 levels by 2030; cap emissions from the oil and gas sector; and phase out thermal coal exports by 2030. At the 2023 United Nations Climate Change Conference, Canada reaffirmed its commitment to transition away from fossil fuels and accelerate greenhouse gas reductions.

The Government of Canada launched the Pan-Canadian Framework on Clean Growth and Climate Change in 2016 and, in 2018, enacted the *Greenhouse Gas Pollution Pricing Act*. This legislation established a federal carbon pricing system composed of two key elements: a fuel charge applied to fossil fuels, and an Output-Based Pricing System ("**OBPS**") for large industrial emitters. The federal regime applied nationwide unless a province or territory implemented a system that met or exceeded federal benchmarks. However, effective April 1, 2025, the federal government introduced regulations that eliminated the federal fuel charge and removed the requirement for provinces and territories to maintain a consumer-facing carbon price.

Canada also regulates methane emissions under the Federal Methane Regulations, which came into force in 2020 and initially targeted a 40–45% reduction below 2012 levels by 2025. In December 2023, the federal government proposed amendments to achieve a 75% reduction by 2030, introducing stricter limits, new prohibitions, and continuous monitoring requirements. These amendments are expected to take effect in 2027.

Additional federal measures include the Multi-Sector Air Pollutants Regulation, which limits emissions of nitrogen oxides and sulphur dioxide from industrial equipment, and commitments to cap oil and gas sector emissions and phase out thermal coal exports.

The *Canadian Net-Zero Emissions Accountability Act* ("**CNEAA**"), in force since 2021, commits Canada to achieving net-zero emissions by 2050. It establishes rolling five-year emissions reduction targets, requires detailed plans to meet each target, and mandates annual progress reporting.

Under the CNEAA, Canada released its 2030 Emissions Reduction Plan in March 2022, outlining measures to cut emissions 40–45% below 2005 levels by 2030. The plan includes incentives for electric vehicles ("**EV**"), renewable electricity, and an emissions cap for the oil and gas sector.

The federal government continues to implement and revise measures aimed at reducing greenhouse gas emissions, creating ongoing regulatory uncertainty for industry. The Clean Fuel Regulations, effective July 2023, impose increasingly stringent carbon-intensity reduction requirements and operate through a compliance credit market, which may affect fuel supply costs and credit availability. The federal Greenhouse Gas Offset Credit System, launched in 2022, allows eligible projects to generate offset credits for use under the federal OBPS, but future protocol development, credit supply, and pricing remain uncertain.

In November 2024, the federal government released proposed Oil and Gas Emissions Cap, which would establish a sector-wide cap-and-trade system for upstream oil and gas emissions. Although originally expected to take effect in 2026, the November 2025 federal budget introduced significant changes to Canada's climate-policy framework, creating uncertainty about whether the emissions cap will be implemented as proposed, revised, or withdrawn. Changes to federal carbon-pricing requirements, compliance mechanisms and potential new reporting obligations may increase compliance costs and affect the Corporation's operations, investment decisions, and long-term planning.

Canada's Carbon Management Strategy aims to deploy technologies such as carbon capture to help achieve climate targets. As part of this strategy, the federal government has committed $319 million over seven years to research and development. In June 2024, the government enacted the Carbon Capture, Utilization, and Storage Investment Tax Credit, a refundable credit available for eligible projects from January 1, 2022, until December 31, 2040, with a 50% reduction in credit value beginning in 2031.

As discussed under "Oil Pipelines", in November 2025, the governments of Canada and Alberta signed an MOU pursuant to which the federal government committed to not implementing the Oil and Gas Emissions Cap and both governments committed to developing sector-specific stringency factors for large Alberta emitters under TIER, concluding an agreement on industrial carbon pricing, and establishing a minimum effective credit price of $130 per tonne.

In February 2026, the federal government introduced an updated national automotive strategy that includes more than $3 billion in planned financial commitments to support industry expansion, modernization, and diversification into additional export markets. As part of this initiative, the federal government will implement a new program to lower the cost of EVs for Canadians, introduce new EV purchase and lease incentives for individuals and businesses, expand charging infrastructure, and advance a broader trade framework intended to enhance the competitiveness of the automotive sector. It also replaces the Electric Vehicle Availability Standard (which required automakers to sell an increasing percentage of zero emission light-duty vehicles, reaching 100% by 2035) with updated greenhouse gas emissions standards and new targets of achieving 75% EV sales by 2035 and 90% by 2040. The Corporation is unable to predict how this new automotive strategy will impact the demand for fossil fuels and Canadian energy products.

Provincial

In December 2016, the *Oil Sands Emissions Limit Act* (Alberta) came into force, establishing an annual 100 megatonne limit for GHG emissions from all oil sands sites, but the regulations necessary to enforce the limit have not yet been developed. The delay in drafting these regulations has been inconsequential thus far, as Alberta's oil sands emitted roughly 85 megatonnes of GHG in 2024, well below the 100 megatonne limit.

On January 1, 2020, TIER came into effect for large emitters. It meets the federal benchmark's stringency requirements, allowing relevant facilities to remain under TIER rather than the federal OBPS. Since its introduction, TIER has undergone various amendments and program updates intended to refine compliance mechanisms and maintain alignment with federal benchmark stringency requirements.

In contrast, Saskatchewan and Manitoba do not have provincial equivalents, so the federal OBPS applies in full to their large industrial emitters. British Columbia, having implemented its own provincial OBPS on April 1, 2024, is exempt from the federal system as its program meets federal equivalency standards.

Alberta committed to reducing methane emissions by 45% from 2014 levels by 2025 and achieved this goal three years early. The province enacted the Methane Emission Reduction Regulation on January 1, 2020. Later that year, Alberta and Canada signed a five-year equivalency agreement exempting Alberta from the Federal Methane Regulations. In October 2025, the parties renewed the agreement, with some modifications, extending the exemption through 2030.

Indigenous Rights

Constitutionally mandated government-led consultation with, and if applicable, accommodation of the rights of, Indigenous groups impacted by regulated industrial activity, as well as proponent-led consultation and accommodation or benefit sharing initiatives, play an increasingly important role in the Western Canadian oil and gas industry. In addition, Canada is a signatory to the United Nations Declaration on the Rights of Indigenous Peoples ("**UNDRIP**") and the principles set forth therein may continue to influence the role of Indigenous engagement in the development of the oil and gas industry in Western Canada. For example, in November 2019, the *Declaration on the Rights of Indigenous Peoples Act* ("**DRIPA**") became law in British Columbia. The DRIPA aims to align British Columbia's laws with UNDRIP. In June 2021, the *United Nations Declaration on the Rights of Indigenous Peoples Act* ("**UNDRIP Act**") came into force federally in Canada. Similar to British Columbia's DRIPA, the UNDRIP Act requires the Government of Canada to take all measures necessary to ensure the laws of Canada are consistent with the principles of UNDRIP and to implement an action plan to address UNDRIP's objectives.

As of June 2022, the federal government has sought to implement the UNDRIP Act by, among other things, creating a Secretariat within the Department of Justice to support Indigenous participation in the implementation of UNDRIP (the "**Implementation Secretariat**"), consulting with Indigenous peoples to identify their priorities, drafting an action plan to align federal laws with UNDRIP's, and implementing efforts to educate federal departments on UNDRIP principles. On June 21, 2023, the Implementation Secretariat released Canada's UNDRIP Action Plan (the "**Action Plan**") with respect to aligning federal laws with UNDRIP, which has a 2023-2028 implementation timeframe. In August 2025, the federal government tabled its Fourth Annual Progress Report on the implementation of the UNDRIP Act, which provides various progress updates, including on the implementation of the Action Plan.

The federal government is in the process of developing various regulatory regimes that could create new requirements when doing business with Indigenous groups and on or near First Nation lands, for example, the *National Strategy Respecting Environmental Racism and Environmental Justice Act* which received royal assent in June 2024 and the new Indigenous co-administration agreement provisions of the *Impact Assessment Act* for which regulations, policy, guidance and procedures are forthcoming.

On June 29, 2021, the B.C. Supreme Court's *Yahey v. British Columbia* held that cumulative impacts of industrial development on the traditional territory of Blueberry River First Nation ("**BRFN**") breached BRFN's Treaty 8 rights. On January 18, 2023, B.C. and BRFN signed the Blueberry River First Nations Implementation Agreement ("**BRFN Agreement**"), introducing key measures such as a $200 million restoration fund, ecosystem-based land-use planning, limits on new oil and gas development, and revenue-sharing provisions. Under the agreement, BRFN will receive $87.5 million over three years, with potential for additional benefits. In July 2024, BRFN filed a civil claim challenging the first implementation plan, highlighting concerns about execution.

The BRFN Agreement has served as a template for other Treaty 8 arrangements. Later in January 2023, B.C. and four First Nations (Fort Nelson, Saulteau, Halfway River, and Doig River) reached consensus on a collaborative approach to land and resource planning, adopting similar principles to implement cumulative effects management, new land-use plans, and revenue-sharing. However, two of these Nations later sued the B.C. government, alleging deception, misrepresentation, and withholding of information during negotiations. These disputes underscore the implementation challenges of such agreements.

Similar claims have been brought by First Nations in Alberta, including Beaver Lake Cree Nation's ("**BLCN**") claim against the Government of Alberta in 2008 and Duncan's First Nation's lawsuit against the Government of Alberta in 2022. After years of litigation, the BLCN case led to an SCC decision which established a new legal test for advance costs in public interest litigation. This ruling clarified that First Nations should not have to exhaust community resources or impoverish themselves to pursue constitutional claims, setting an important precedent for access to justice in treaty rights cases. The long-term impacts of these lawsuits on the Canadian oil and gas industry remain uncertain.

Recent British Columbia court decisions have the potential to influence the interpretation of Aboriginal title and the duty to consult framework in the province. In *Cowichan Tribes v Canada (Attorney General)*, the Supreme Court of British Columbia declared portions of the City of Richmond to be subject to Aboriginal title, a finding that raises unresolved questions regarding the interaction between Aboriginal title and existing fee simple ownership. In *Gitxaala v British Columbia (Chief Gold Commissioner)*, the British Columbia Court of Appeal held that British Columbia's DRIPA incorporates UNDRIP into domestic law and creates legally enforceable obligations on the Province, including positive duties to ensure that provincial laws are consistent with UNDRIP. Premier David Eby has since announced plans to amend DRIPA to limit judicial involvement in that process.

While these developments may have limited direct application in Alberta given Alberta's treaty landscape and the absence of province-level UNDRIP implementation legislation, they underscore the rapidly evolving nature of Indigenous rights jurisprudence. Indigenous rights claims may still arise in Alberta on different factual or legal grounds, and these decisions nonetheless highlight the increasing importance of early, proactive, and sustained engagement with Indigenous Nations in regulatory, land-use, and project-development contexts.

RISK FACTORS

Investors should carefully consider the risk factors set out below and consider all other information contained herein and, in the Corporation's, other public filings before making an investment decision. The risks set out below are not an exhaustive list and should not be taken as a complete summary or description of all the risks associated with the Corporation's business and the oil and natural gas business generally. The risks discussed below are based on certain assumptions made by the Corporation which later may prove to be incorrect or incomplete. Investors are encouraged to perform their own investigation with respect to the business, financial condition and prospects of the Corporation.

The Corporation's business could also be affected by additional risks and uncertainties not currently known to the Corporation or that it currently deems to be immaterial. If any of these risks occur, it could materially harm the Corporation's business, financial condition, results of operations and cash flows, or impair the Corporation's ability to implement business plans or complete development activities as scheduled. In that case, the market price of the Common Shares could decline, and you could lose all or part of your investment. Before deciding whether to invest in any equity or debt, investors should carefully consider the risks set out below. If any of the risks described below materialize, our business, financial condition or results of operations could be materially and adversely affected. Additional risks and uncertainties not currently known to us or that we currently view as immaterial may also materially and adversely affect our business, financial condition or results of operations. The information set forth below contains "forward-looking statements", which are qualified by the information contained in the section of this Annual Information Form entitled Forward-Looking Statements.

Exploration, Development and Production Risks

The Corporation's future performance may be affected by the financial, operational, environmental and safety risks associated with the exploration, development and production of oil and natural gas

Oil and natural gas operations involve many risks that even a combination of experience, knowledge and careful evaluation may not be able to overcome. The long-term commercial success of the Corporation depends on its ability to find, acquire, develop and commercially produce oil and natural gas reserves. Without the continual addition of new reserves, the Corporation's existing reserves, and the production from them, will decline over time as the Corporation produces from such reserves. A future increase in the Corporation's reserves will depend on both the ability of the Corporation to explore and develop its existing properties and its ability to select and acquire suitable producing properties or prospects. There is no assurance that the Corporation will be able to continue to find satisfactory properties to acquire or participate in. Moreover, management of the Corporation may determine that current markets, terms of acquisition, or participation or pricing conditions make potential acquisitions or participation uneconomic. There is also no assurance that the Corporation will discover or acquire further commercial quantities of oil or natural gas.

Future oil and natural gas exploration may involve unprofitable efforts from dry wells or from wells that are productive but do not produce sufficient petroleum substances to return a profit after drilling, completing (including hydraulic fracturing), operating and other costs. Completion of a well does not ensure a profit on the investment or recovery of drilling, completion and operating costs.

Drilling hazards, environmental damage and various field operating conditions could greatly increase the cost of operations and adversely affect the production from successful wells. Field operating conditions include, but are not limited to, delays in obtaining governmental approvals or consents, shutins of wells resulting from extreme weather conditions, insufficient storage or transportation capacity or geological and mechanical conditions. While diligent well supervision, effective maintenance operations and the development of enhanced oil recovery technologies can contribute to maximizing production rates over time, it is not possible to eliminate production delays and declines from normal field operating conditions, which can negatively affect revenue and cash flow levels to varying degrees.

Oil and natural gas exploration, development and production operations are subject to all the risks and hazards typically associated with such operations, including, but not limited to, fire, explosion, blowouts, cratering, sour gas releases, spills and other environmental hazards. These typical risks and hazards could result in substantial damage to oil and natural gas wells, production facilities, other property and the environment and cause personal injury or threaten wildlife. Particularly, the Corporation may explore for and produce sour gas in certain areas. An unintentional leak of sour gas could result in personal injury, loss of life or damage to property and may necessitate an evacuation of populated areas, all of which could result in liability to the Corporation.

Oil and natural gas production operations are also subject to geological and seismic risks, including encountering unexpected formations or pressures, premature decline of reservoirs and the invasion of water into producing formations. Losses resulting from the occurrence of any of these risks may have a material adverse effect on the Corporation's business, financial condition, results of operations and prospects.

As is standard industry practice, the Corporation is not fully insured against all risks, nor are all risks insurable. Although the Corporation maintains liability insurance and business interruption insurance in an amount it considers consistent with industry practice, liabilities associated with certain risks could exceed policy limits or not be covered. In either event, the Corporation could incur significant costs. See "*Risk Factors – Insurance*".

Prices, Markets and Marketing

Various factors may adversely impact the marketability of oil and natural gas, affecting net production revenue, production volumes and development and exploration activities

Numerous factors beyond the Corporation's control do, and will continue to, affect the marketability and price of oil and natural gas acquired, produced, or discovered by the Corporation. The Corporation's ability to market its oil and natural gas may depend upon its ability to acquire capacity in pipelines that deliver oil and natural gas to commercial markets or contract for the delivery of oil by rail. Deliverability uncertainties related to the distance of the Corporation's reserves from pipelines, railway lines, processing and storage facilities; operational problems affecting pipelines, railway lines and processing and storage facilities; and government regulation relating to prices, taxes, tariffs, royalties, land tenure, allowable production, the export of oil and natural gas and many other aspects of the oil and natural gas business may also affect the Corporation.

Oil and natural gas prices may be volatile for a variety of reasons including market uncertainties over the supply and demand of these commodities due to the current state of the world economies, actions of the Organization of Petroleum Exporting Countries ("**OPEC+**")**,** political uncertainties, sanctions imposed on certain oil producing nations by other countries, the Russian Ukrainian war, conflicts in the Middle East, geopolitical developments in Venezuela or other adverse economic or political development in the United States, South America, Europe, or Asia. Additionally, the occurrence or threat of terrorist attacks in the United States or other countries could adversely affect the global economy. Prices of oil and natural gas are also subject to the availability of foreign markets and the Corporation's ability to access such markets.

A material decline in prices could result in a reduction of the Corporation's net production revenue. The economics of producing from some wells may change because of lower prices, which could result in reduced production of oil or natural gas and a reduction in the volumes and the value of the Corporation's reserves. The Corporation may also elect not to produce from certain wells at lower prices. Any substantial and extended decline in the price of oil and natural gas would have an adverse effect on the Corporation's carrying value of its reserves, borrowing capacity, revenues, profitability and cash flows from operations and may have a material adverse effect on the Corporation's business, financial condition, results of operations and prospects. See "*Industry Conditions – Transportation Constraints and Market Access*".

Volatile oil and natural gas prices make it difficult to estimate the value of producing properties for acquisitions and often cause disruption in the market for oil and natural gas producing properties, as buyers and sellers have difficulty agreeing on such value. Price volatility also makes it difficult to budget for, and project the return on, acquisitions and development and exploitation projects.

Market Price

The trading price of the Corporation's common shares may be adversely affected by factors related and unrelated to the oil and natural gas industry

The trading price of the securities of oil and natural gas issuers is subject to substantial volatility often based on factors related and unrelated to the financial performance or prospects of issuers. Factors unrelated to the Corporation's performance could include macroeconomic developments nationally, within North America or globally, domestic and global commodity prices and changing perceptions of the oil and natural gas market. In recent years, the volatility of commodities prices has increased due in part to the implementation of computerized trading and the decrease of discretionary commodity trading. In addition, the volatility, trading volume and share price of issuers have been impacted by increasing investment levels in passive funds that track major indices, as such funds that only purchase securities included in such indices. Similarly, the market price of the Common Shares could be subject to significant fluctuations in response to variations in the Corporation's operating results, financial condition, liquidity and other internal factors. Accordingly, the price at which the Common Shares will trade cannot be accurately predicted.

Failure to Realize Anticipated Benefits of Acquisitions and Dispositions

The anticipated benefits of acquisitions may not be achieved and the Corporation may dispose of non-core assets for less than their carrying value on the financial statements as a result of weak market conditions

The Corporation considers acquisitions and dispositions of businesses and assets in the ordinary course of business. Achieving the benefits of acquisitions depends on successfully consolidating functions and integrating operations and procedures in a timely and efficient manner and the Corporation's ability to realize the anticipated growth opportunities and synergies from combining the acquired businesses and operations with those of the Corporation. The integration of acquired businesses and assets may require substantial managerial effort, time and resources diverting management's focus from other strategic opportunities and operational matters. Management continually assesses the value and contribution of services provided by third parties and the resources required to provide such services. In this regard, non-core assets may be periodically disposed of so the Corporation can focus its efforts and resources more efficiently. Depending on the state of the market for such non-core assets, certain non-core assets of the Corporation, if disposed of, may realize less on disposition than their assessed carrying value on the financial statements of the Corporation.

Geopolitical Risks

The Corporation's business may be adversely affected by political and social events and decisions made in Canada, the United States, Europe, the Middle East and elsewhere

The Corporation's results may be adversely impacted by political, legal, or regulatory developments in Canada and elsewhere that affect local operations and local and international markets. Changes in government, government policy or regulations, changes in law or interpretation of settled law, third party opposition to industrial activity generally or projects specifically, and duration of regulatory reviews could impact the Corporation's existing operations and planned projects. This includes actions by regulators or other political actors to delay or deny necessary licences or permits for the Corporation's activities or restrict the operation of third party infrastructure on which the Corporation relies. Additionally, changes in environmental regulations, assessment processes or other laws, and increasing and expanding stakeholder consultation (including Indigenous stakeholders), may increase the cost of compliance or reduce or delay available business opportunities and adversely impact the Corporation's results.

The current U.S.-Canada tariff environment remains highly dynamic and uncertain. Legislative or regulatory changes by the U.S. administration could materially impact the Corporation's operations and financial condition. In March 2025, the United States imposed a series of tariffs on goods imported from Canada and other countries, triggering a de facto global trade war, and prompting Canada and several trading partners to implement retaliatory measures. Since then, tariff policies have continued to evolve, creating ongoing uncertainty regarding U.S. support for existing trade agreements, including the USMCA.

At present, the United States maintains tariffs on a range of Canadian exports and Canada has implemented certain reciprocal tariffs. Additionally, U.S. tariffs apply to Canadian potash and energy products that do not qualify for USMCA exemptions. On February 20, 2026, the U.S. Supreme Court held that the Trump administration lacked legal authority to impose certain tariffs under the International Emergency Economic Powers Act and the Trump administration indicated that it intends to impose alternative tariffs or adopt other trade measures. Changes to existing tariffs or new trade restrictions could materially impact the Canadian economy, the oil and gas sector, and the Corporation. Additionally, further U.S. tariffs on other countries could exacerbate global trade tensions, increase costs, reduce U.S. demand for the Corporation's products, and negatively affect its operations.

Other government and political factors that could adversely affect the Corporation's financial results include increases in taxes or government royalty rates (including retroactive claims) and changes in trade policies and agreements. Further, the adoption of regulations mandating efficiency standards or the use of alternative fuels or uncompetitive fuel components could affect the Corporation's operations. Many governments are providing tax advantages and other subsidies to support alternative energy sources or are mandating the use of specific fuels or technologies. Governments and others are also promoting research into new technologies to reduce the cost and increase the scalability of alternative energy sources. The success of these initiatives may decrease demand for the Corporation's products.

A change in federal, provincial or municipal governments in Canada may have an impact on the directions taken by such governments on matters that may impact the oil and natural gas industry including the balance between economic development and environmental policy. The oil and natural gas industry has become an increasingly politically polarizing topic resulting in a rise in civil disobedience surrounding oil and natural gas development – particularly with respect to infrastructure projects. Protests, blockades and demonstrations have the potential to delay and disrupt the Corporation's activities. See "*Industry Conditions – Regulatory Authorities and Environmental Regulation" and* "*Industry Conditions – Transportation Constraints and Market Access*".

Middle Eastern Conflicts

The Corporation's business may be adversely affected by geopolitical conflicts abroad

The Corporation's business may be adversely affected by geopolitical conflicts abroad. Hostilities that began in October 2023 between Israel and Hamas have evolved into a broader regional conflict. The Syrian Assad regime collapsed in late 2025, and the political climate remains in flux.

In June 2025, U.S. airspace strikes targeted Iranian nuclear facilities at Fordow, Natanz, and Isfahan, prompting Iranian missile attacks on U.S. assets in Qatar. A ceasefire between Hamas and Israel has held since mid-2025, but tensions remain high, with sporadic clashes continuing in Gaza and southern Lebanon.

On February 28, 2026, the U.S. and Israel launched a large-scale coordinated missile and airstrike campaign across Iran striking multiple military and governmental sites. Supreme Leader Ayatollah Ali Khamenei and various other senior regime leaders were killed in the campaign. Iran immediately retaliated with missile and drone attacks targeting U.S. and Israeli assets across the region as well as neighbouring Middle East countries. This conflict has resulted and is expected to continue to result in disruptions to global energy supply and transportation routes.

These developments present continuing risks to regional stability in the Middle East, a critical hub of global oil and gas production. The duration and long-term consequences of the conflict remain uncertain, particularly regarding future Middle Eastern oil and gas output and the movement of those commodities worldwide. Any sustained or intensified conflict could further disrupt supply chains, increase volatility in global energy markets, and adversely affect the global economy. It is uncertain how these developments will impact the Canadian oil and gas industry and the Corporation.

Russian Ukrainian War

The Corporation's business may be adversely affected by geopolitical conflicts abroad

The Corporation's business may be adversely affected by geopolitical conflicts abroad. Russia's invasion of Ukraine in February 2022 has developed into a prolonged and intense conflict, with heavy fighting continuing in eastern Ukraine and ongoing missile and drone attacks. The North Atlantic Treaty Organization ("**NATO**") and allied nations, including Canada, have provided substantial military and financial support to Ukraine, while maintaining strict sanctions against Russia. Although peace negotiations have advanced, no comprehensive settlement has been reached, and territorial and security issues remain unresolved. These developments pose ongoing risks to regional stability, global energy and industrial supply chains, and international markets, which could negatively impact the world economy, the Canadian oil and gas industry, and the Corporation.

U.S.-Venezuela Conflict

The Corporation's business may be adversely affected by geopolitical conflicts abroad

The Corporation's business could be adversely impacted by geopolitical developments affecting global oil markets. On January 3, 2026, United States military forces conducted an operation in Caracas, Venezuela, resulting in the capture of President Nicolás Maduro and his spouse, Cilia Flores. Subsequent statements by U.S. leadership indicated an intention to administer Venezuela temporarily and facilitate significant investment by American oil companies in Venezuela's petroleum sector. These actions have drawn widespread international attention, and the extent of resulting political and economic repercussions remains uncertain. Given that the United States is the primary destination for Canadian crude oil exports, increased U.S. access to Venezuela's substantial reserves could reduce U.S. demand for Canadian crude and negatively affect pricing and market competitiveness.

Operational Dependence

The successful operation of a portion of the Corporation's properties is dependent on third parties

On a limited basis, other companies operate some of the assets in which the Corporation has an interest. The Corporation has limited ability to exercise influence over the operation of those assets and their associated costs, which could adversely affect the Corporation's financial performance. The Corporation's return on assets operated by others depends upon a number of factors that may be outside of the Corporation's control, including, but not limited to, the timing and amount of capital expenditures, the operator's expertise and financial resources, the approval of other participants, the selection of technology and risk management practices.

In addition, due to volatile commodity prices, many companies, including companies that may operate some of the assets in which the Corporation has an interest, may encounter financial difficulty. This could impact their ability to fund and pursue capital expenditures, carry out their operations in a safe and effective manner and satisfy regulatory requirements with respect to abandonment and reclamation obligations. If companies that operate some of the assets in which the Corporation has a working interest fail to satisfy regulatory requirements with respect to abandonment and reclamation obligations, the Corporation may be required to satisfy such obligations and to seek reimbursement from such companies. To the extent that any such companies go bankrupt, become insolvent or make a proposal or institute any proceedings relating to bankruptcy or insolvency, it could result in such assets being shut-in, the Corporation potentially becoming subject to additional liabilities relating to such assets and the Corporation having difficulty collecting revenue due from such operators or recovering amounts owing to the Corporation from such operators for their share of abandonment and reclamation obligations. Any of these factors could have a material adverse effect on the Corporation's financial and operational results.

Abandonment and Reclamation Costs

The Corporation may have to pay certain costs associated with abandonment and reclamation

The Corporation will need to comply with the terms and conditions of environmental and regulatory approvals and all legislation regarding the abandonment of its projects and reclamation of the project lands at the end of their economic life, which may result in substantial abandonment and reclamation costs. Any failure to comply with the terms and conditions of the Corporation's approvals and legislation may result in the imposition of potentially material fines and penalties. Generally, abandonment and reclamation costs are substantial and, while the Corporation accrues a reserve in its financial statements for such costs in accordance with IFRS Accounting Standards such accruals may be insufficient.

It is not possible at this time to estimate abandonment and reclamation costs reliably since they will, in part, depend on future regulatory requirements. In addition, in the future, the Corporation may determine it prudent or be required by applicable laws, regulations or regulatory approvals, to establish and fund one or more reclamation funds to provide for payment of future abandonment and reclamation costs. If the Corporation establishes a reclamation fund, its liquidity and cash flow may be adversely affected.

Alberta has developed liability management programs designed to prevent taxpayers from incurring costs associated with suspension, abandonment, remediation and reclamation of wells, facilities and pipelines if a licensee or permit holder is unable to satisfy its regulatory obligations. The implementation of or changes to the requirements of liability management programs may result in significant increases to the security that must be posted by licensees, increased and more frequent financial disclosure obligations or may result in the denial of licence or permit transfers, which could impact the availability of capital to be spent by such licensees which could in turn materially adversely affect the Corporation's business and financial condition. In addition, these liability management programs may prevent or interfere with a licensee's ability to acquire or dispose of assets, as both the vendor and the purchaser of oil and natural gas assets must comply with the liability management programs (both before and after the transfer of the assets) for the applicable regulatory agency to allow for the transfer of such assets.

Project Risks

The success of the Corporation's operations may be negatively impacted by factors outside of its control resulting in operational delays and cost overruns

The Corporation manages a variety of small and large projects in the conduct of its business. Project interruptions may delay expected revenues from operations. Significant project cost overruns could make a project uneconomic. The Corporation's ability to execute projects and market oil and natural gas depends upon numerous factors beyond the Corporation's control, including:

- the availability of processing capacity;
- the availability and proximity of pipeline capacity;
- the availability of storage capacity;
- the availability of, and the ability to acquire, water supplies needed for drilling, hydraulic fracturing, and waterfloods or the Corporation's ability to dispose of water used or removed from strata at a reasonable cost and in accordance with applicable environmental regulations;
- the effects of inclement and severe weather events, including fire, drought, extreme cold and flooding;
- the availability of drilling and related equipment;
- unexpected cost increases;
- accidental events;
- currency fluctuations;
- regulatory changes;
- availability and productivity of skilled labour;
- political uncertainty;
- environmental and Indigenous activism that may result in delays or cancellations of projects; and
- the regulation of the oil and natural gas industry by various levels of government and governmental agencies.

Because of these factors, the Corporation may be unable to execute projects on time, on budget, or at all.

Gathering and Processing Facilities, Pipeline Systems, Trucking and Rail

Lack of capacity and/or regulatory constraints on gathering and processing facilities, pipeline systems and railway lines may have a negative impact on the Corporation's ability to produce and sell its oil and natural gas

The Corporation delivers its products through gathering and processing facilities, pipeline systems and, in certain circumstances, by truck. The amount of oil and natural gas that the Corporation can produce and sell is subject to the accessibility, availability, proximity and capacity of these gathering and processing facilities, pipeline systems, trucking routes and railway lines. The lack of firm pipeline capacity, production limits and limits on availability of capacity in gathering and processing facilities, pipeline systems or railway lines continues to affect the oil and natural gas industry and limits the ability to transport produced oil and natural gas to market. In particular, the limited pipeline capacity to tidewater and the lack of liquified natural gas facilities in Canada significantly impacts the ability of Canadian oil and natural gas companies to export their products outside of North America which limits demand for their products and results in lower prices. This limited ability to export oil and natural gas outside of North America puts Canadian oil and natural companies at greater risk with the United States' recent imposition of tariffs on Canadian imports into the United States. The inability to export oil and natural gas could result in the Corporation's inability to realize the full economic potential of its production or in a reduction of the price the Corporation receives for its products. Unexpected shutdowns or curtailment of capacity of pipelines for maintenance or integrity work or because of actions taken by regulators could also affect the Corporation's anticipated production, operations and financial results.

A portion of the Corporation's production may, from time to time, be processed through facilities owned by third parties and over which the Corporation does not have control. From time to time, these facilities may discontinue or decrease operations either as a result of normal servicing requirements or as a result of unexpected events. A discontinuation or decrease of operations could have a material adverse effect on the Corporation's ability to process its production and deliver the same to market. Midstream and pipeline companies may take actions to maximize their return on investment, which may in turn adversely affect producers and shippers, especially when combined with a regulatory framework that may not always align with the interests of shippers.

Industry Competition

The Corporation competes with other oil and natural gas companies, some of which have greater financial and operational resources

The petroleum industry is competitive in all of its phases. The Corporation competes with numerous other entities in the exploration for, and the development, production and marketing of, oil and natural gas. The Corporation's competitors include oil and natural gas companies that have substantially greater financial resources, staff and facilities than those of the Corporation. Some of these companies not only explore for, develop and produce oil and natural gas, but also carry on refining operations and market oil and natural gas on an international basis. As a result of these complementary activities, some of these competitors may have greater and more diverse competitive resources to draw on than the Corporation. The Corporation's ability to increase its reserves in the future will depend not only on its ability to explore and develop its present properties, but also on its ability to select and acquire other suitable producing properties or prospects for exploratory drilling. Competitive factors in the distribution and marketing of oil and natural gas include price, process, methods, and reliability of delivery and storage.

Cost of New Technologies

The Corporation's ability to successfully implement new technologies into its operations in a timely and efficient manner will affect its ability to compete

The petroleum industry is characterized by rapid and significant technological advancements and introductions of new products and services utilizing new technologies. Other companies may have greater financial, technical and personnel resources that allow them to implement and benefit from technological advantages. There can be no assurance that the Corporation will be able to respond to such competitive pressures and implement such technologies on a timely basis, or at a reasonable cost. If the Corporation does implement such technologies, there is no assurance that the Corporation will do so successfully. One or more of the technologies currently utilized by the Corporation or potentially implemented in the future may become obsolete. If the Corporation is unable to utilize the most advanced commercially available technology, or is unsuccessful in implementing certain technologies, its business, financial condition and results of operations could also be adversely affected, potentially in a material way.

Alternatives to and Changing Demand for Petroleum Products

Changes to the demand for oil and natural gas products and the rise of petroleum alternatives may negatively affect the Corporation's financial condition, results of operations and cash flow

Fuel conservation measures, alternative fuel requirements, increasing consumer demand for alternatives to oil and natural gas and technological advances in fuel economy and renewable energy generation systems could reduce the demand for oil and natural gas. In recent years, certain jurisdictions have implemented policies or incentives to decrease the use of fossil fuels and encourage the use of renewable fuel alternatives, which may lessen the demand for petroleum products and put downward pressure on commodity prices. Advancements in energy-efficient products have a similar effect on the demand for oil and natural gas products. The Corporation cannot predict the impact of changing demand for oil and natural gas products, and any major changes may have a material adverse effect on the Corporation's business, financial condition, results of operations and cash flow by decreasing the Corporation's profitability, increasing its costs, limiting its access to capital and decreasing the value of its assets.

Regulatory Landscape

Modification to current, or implementation of additional, regulations may reduce the demand for oil and natural gas, increase the Corporation's costs and delay planned operations

The implementation of new regulations or the modification of existing regulations affecting the oil and natural gas industry could reduce demand for oil and natural gas and increase the Corporation's costs, either of which may have a material adverse effect on the Corporation's business, financial condition, results of operations and prospects. Further, third party challenges to regulatory decisions and orders can reduce the efficiency of the regulatory regime, as the implementation of decisions and orders may be delayed resulting in uncertainty and interruption to the business of the oil and natural gas industry.

To conduct oil and natural gas operations, the Corporation requires regulatory permits, licences, registrations, approvals and authorizations from various governmental authorities at the municipal, provincial and federal level. There can be no assurance that the Corporation will be able to obtain all of the permits, licences, registrations, approvals and authorizations that may be required to conduct operations that it may wish to undertake. In addition, certain federal legislation such as the *Competition Act* and the *Investment Canada Act* could negatively affect the Corporation's business, financial condition and the market value of its Common Shares or its assets, particularly when undertaking, or attempting to undertake, acquisition or disposition activity. See "*Industry Conditions – Regulatory Authorities and Environmental Regulation*".

Royalty Regimes

Changes to royalty regimes may negatively impact the Corporation's cash flows

Governments in the jurisdictions in which the Corporation has assets may adopt new royalty regimes, or modify the existing ones, which may affect the economic viability of the Corporation's projects. An increase in royalties will reduce the Corporation's earnings and could make future capital investments, or operations, less economic. See "*Industry Conditions – Royalties and Incentives*".

Hydraulic Fracturing

Implementation of new regulations on hydraulic fracturing may lead to operational delays, increased costs and/or decreased production volumes, adversely affecting the Corporation's financial position; the Corporation's operations are dependent upon the availability of water and its ability to dispose of produced water from drilling and production activities

Hydraulic fracturing involves the injection of water, sand and additives under pressure into rock formations to stimulate the production of oil and natural gas. Specifically, hydraulic fracturing enables the production of commercial quantities of oil and natural gas from previously unproductive reservoirs. Certain areas in Alberta and other provinces have been prone to seismic activity and as a result, additional protocols relating to hydraulic fracturing and seismic monitoring have been implemented in such areas. Any new laws, regulations, or permitting requirements regarding hydraulic fracturing could lead to operational delays, increased operating costs, and/or third party or governmental claims, and could increase the Corporation's costs of compliance and doing business, as well as delay the development of oil and natural gas resources from shale formations, which are not commercial without the use of hydraulic fracturing. Restrictions or bans on hydraulic fracturing in the areas where the Corporation operates could result in the Corporation being unable to economically recover its oil and natural gas reserves, which would result in a significant decrease in the value of the Corporation's assets.

Water is an essential component of the Corporation's drilling and hydraulic fracturing processes. Limitations or restrictions on the Corporation's ability to secure sufficient amounts of water (including limitations resulting from natural causes such as drought) could materially and adversely impact its operations. Severe drought conditions can result in local water authorities taking steps to restrict the use of water in their jurisdiction for drilling and hydraulic fracturing in order to protect the local water supply. If the Corporation is unable to obtain water to use in its operations from local sources, water may need to be obtained from new sources and transported to drilling sites, resulting in increased costs. Cost increases could have a material adverse effect on drilling economics resulting in delays or suspensions of drilling which would ultimately have a detrimental effect on the financial condition, results of operations, and cash flows of the Corporation.

The Corporation must dispose of the fluids produced from oil and natural gas production operations, including produced water. It does so directly or through the use of third party vendors. The legal requirements related to the disposal of produced water into a non-producing geologic formation by means of underground injection wells are subject to change based on concerns of the public or governmental authorities.

Another consequence of seismic events may be lawsuits alleging that disposal well operations have caused damage to neighbouring properties or otherwise violated laws and regulations regarding waste disposal. These developments could result in additional regulation and restrictions on the use of injection wells by the Corporation or by commercial disposal well vendors that the Corporation may use from time to time to dispose of produced water. Increased regulation and attention given to induced seismicity could also lead to greater opposition, including litigation to limit or prohibit oil and natural gas activities utilizing injection wells for produced water-disposal. Any one or more of these developments may result in the Corporation or its vendors having to limit disposal well volumes, disposal rates, pressures or locations, or require the Corporation or its vendors to shut down or curtail the injection of produced water into disposal wells, which events could have a material adverse effect on the Corporation's business, financial condition, and results of operations.

Alberta

Minor earthquakes are common in certain parts of Alberta and the AER has introduced seismic protocols for hydraulic fracturing operators in the Montney-Lower Doig, Duvernay, Cardium, Brazeau and Red Deer areas (collectively, the "**Seismic Protocol Regions**"). Oil and natural gas producers in each of the Seismic Protocol Regions are subject to a "traffic light" reporting system that sets thresholds on the Richter scale of earthquake magnitude, which vary among the regions. The reporting requirements include an assessment of the potential for seismicity prior to conducting operations, the implementation of a response plan to address potential seismic events and the suspension of operations, depending on the magnitude of an earthquake. Orders imposed by the AER in response to seismic events remain in effect as long as the AER deems them necessary. In recent years, hydraulic fracturing has been linked to increased seismicity in the areas in which hydraulic fracturing takes place, leading to continued monitoring by the AER. While the AER has not announced plans to extend its seismic protocols to new geographic regions of the province, it may do so in the future.

British Columbia

The Corporation's business may be affected by regulatory requirements in British Columbia. In response to seismic activity in the Kiskatinaw Seismic Monitoring and Mitigation Area, the British Columbia Energy Regulator ("**BCER**") requires operators to submit seismic monitoring and mitigation plans, provide pre-operation notifications, and suspend operations when seismic events exceed specified thresholds. These requirements, introduced in 2018 and strengthened in 2021, remain in effect.

Additionally, enforcement of dam safety regulations under the *Water Sustainability Act* and Dam Safety Regulation has intensified. The BCER continues to issue compliance orders for unauthorized dams associated with hydraulic fracturing, and administrative penalties introduced in January 2024 signal stricter oversight. Future regulatory changes or enforcement actions could result in operational delays, increased costs, or other adverse impacts on the Corporation.

Waterflood

Regulatory water use restrictions and/or limited access to water or other fluids may impact the Corporation's production volumes from its waterflood

The Corporation undertakes or intends to undertake certain waterflooding programs, which involve the injection of water or other liquids into an oil reservoir to increase production from the reservoir and to decrease production declines. To undertake such waterflooding activities the Corporation needs to have access to sufficient volumes of water, or other liquids, to pump into the reservoir to increase the pressure in the reservoir. There is no certainty that the Corporation will have access to the required volumes of water. In addition, in certain areas there may be restrictions on water use for activities such as waterflooding. If the Corporation is unable to access such water it may not be able to undertake waterflooding activities, which may reduce the amount of oil and natural gas that the Corporation is ultimately able to produce from its reservoirs. In addition, the Corporation may undertake certain waterflood programs that ultimately prove unsuccessful in increasing production from the reservoir and as a result have a negative impact on the Corporation's results of operations.

Environmental Regulation

Compliance with environmental regulations requires the dedication of a portion of the Corporation's financial and operational resources

All phases of the oil and natural gas business present environmental risks and hazards and are subject to environmental regulation pursuant to a variety of federal, provincial and local laws and regulations. Environmental legislation provides for, among other things, the initiation and approval of new oil and natural gas projects, and restrictions and prohibitions on the spill, release or emission of various substances produced in association with oil and natural gas industry operations. In addition, such legislation sets out the requirements with respect to oilfield waste handling and storage, habitat protection and the satisfactory operation, maintenance, abandonment and reclamation of well and facility sites. New environmental legislation at the federal and provincial levels may increase uncertainty among oil and natural gas industry participants as the new laws are implemented, and the effects of the new rules and standards are felt in the oil and natural gas industry. See "*Industry Conditions – Regulatory Authorities and Environmental Regulation*".

Compliance with environmental legislation can require significant expenditures and a breach of applicable environmental legislation may result in the imposition of fines and penalties, some of which may be material. Environmental legislation is evolving in a manner expected to result in stricter standards and enforcement, larger fines and liabilities and potentially increased capital expenditures and operating costs. The discharge of oil, natural gas or other pollutants into the air, soil or water may give rise to liabilities to governments and third parties and may require the Corporation to incur costs to remedy such discharge. In November 2024, the federal government published a draft of the proposed *Oil and Gas Sector Greenhouse Gas Emissions Cap Regulations*, which, if enacted as drafted, would cap emissions from a range of industrial activities in the oil and gas sector, establish a cap-and-trade system for emissions allowances, and require facility operators to comply with various reporting and remittance obligations. Such proposed regulations, which could affect investor confidence, increase decarbonization initiatives and lead to production cuts, are expected to be finalized in and come into force in 2026.

Although the Corporation believes that it is in material compliance with current applicable environmental legislation, no assurance can be given that environmental compliance requirements will not result in a curtailment of production or a material increase in the costs of production, development or exploration activities or otherwise have a material adverse effect on the Corporation's business, financial condition, results of operations and prospects.

Anti-greenwashing rules introduce risk into making certain environmental-related disclosures

Amendments to the *Competition Act* introduced in June 2024 prohibit companies from making false or misleading environmental claims. The new rules are complex and uncertain, and initially led many companies to suspend voluntary sustainability reporting. While private rights of action for greenwashing came into effect in June 2025, *Budget 2025 Implementation Act, No. 1* subsequently removed this access and clarified substantiation requirements to address unintended consequences. Despite these improvements, the regulatory landscape continues to evolve and penalties for non-compliance remain significant, including up to the greater of $10 million for a first order, $15 million for subsequent orders, or 3% of global annual revenues. Companies making voluntary environmental disclosures face ongoing risk of liability and reputational harm.

Climate Change

Climate change concerns could result in increased operating costs and reduced demand for the Corporation's products and shares, while the potential physical effects of climate change could disrupt the Corporation's production and cause it to incur significant costs in preparing for or responding to those effects

Global climate issues continue to attract public and scientific attention. Numerous reports, including reports from the United Nations Intergovernmental Panel on Climate Change, have engendered concern about the impacts of human activity, especially fossil fuel combustion, on global climate issues. In turn, increasing public, government, and investor attention is being paid to global climate issues and to emissions of GHG, including emissions of carbon dioxide and methane from the production and use of oil and natural gas. The majority of countries, including Canada, have agreed to reduce their carbon emissions in accordance with the Paris Agreement and in November 2025 at COP30 in Brazil, Canada reaffirmed its commitments to transitioning away from fossil fuels in line with the Paris Agreement. As discussed below, the Corporation faces both transition risks and physical risks associated with climate change and climate change policy and regulations. See "*Industry Conditions – Climate Change Regulation*".

Transition risks

Foreign and domestic governments continue to evaluate and implement policy, legislation, and regulations focused on restricting GHG emissions and promoting adaptation to climate change and the transition to a low-carbon economy. It is not possible to predict what measures foreign and domestic governments may implement in this regard, nor is it possible to predict the requirements that such measures may impose or when such measures may be implemented. However, international multilateral agreements, the obligations adopted thereunder and legal challenges concerning the adequacy of climate-related policy brought against foreign and domestic governments may accelerate the implementation of such measures. Given the evolving nature of climate change policy and the control of GHG emissions and resulting requirements, including carbon taxes and carbon pricing schemes implemented by varying levels of government, it is expected that current and future climate change regulations will have the effect of increasing the Corporation's operating expenses, and, in the long-term, potentially reducing the demand for oil and natural gas and related products, resulting in a decrease in the Corporation's profitability and a reduction in the value of its assets.

Claims have been made against certain energy companies alleging that GHG emissions from oil and natural gas operations constitute a public nuisance under certain laws or that such energy companies provided misleading disclosure to the public and investors of current or future risks associated with climate change. Individuals, governmental authorities, or other organizations may make claims against oil and natural gas companies, including the Corporation, for alleged personal injury, property damage, or other potential liabilities. While the Corporation is not currently a party to any such litigation or proceedings, it could be named in actions making similar allegations. An unfavourable ruling in any such case could adversely affect the demand for and price of securities issued by the Corporation, impact its operations and have an adverse impact on its financial condition.

Due to long-term risks from environmental policy changes, regulations, legal challenges, and market shifts related to climate change, recent efforts have targeted the financial sector. Investment advisors, banks, pension funds, universities, and other institutional investors are engaging companies on climate action, using voting rights, and reallocating capital toward low-carbon assets while divesting from high-emission businesses. Stakeholders are also pressuring insurers and banks to stop financing or insuring oil, gas, and related infrastructure. These efforts may negatively impact the Corporation's operations, securities demand and pricing, and its cost and access to capital.

Climate-related regulations and reporting standards continue to evolve. In June 2023, the International Sustainability Standards Board (**ISSB**) issued two global disclosure standards, IFRS S1 and S2, to promote consistent, comparable, and reliable environmental reporting. In December 2024, the Canadian Sustainability Standards Board finalized similar Canadian standards, CSDS 1 and CSDS 2 (the **Canadian Standards**). In December 2025, the ISSB announced targeted amendments to IFRS S2; whether the Canadian Standards will be revised remains uncertain. Meanwhile, in April 2025, due to significant changes in the global economic and geopolitical landscape, the Canadian Securities Administrators paused work on its own climate disclosure initiative. If the Corporation is not able to meet future climate-related reporting requirements of regulators or current and future expectations of investors, insurance providers, or other stakeholders, its business and ability to attract and retain skilled employees, obtain regulatory permits, licences, registrations, approvals, and authorizations from various governmental authorities, and raise capital, may be adversely affected. See "*Industry Conditions – Climate Change Regulation*".

Physical risks

The potential physical risks resulting from climate change are long-term in nature and associated with a high degree of uncertainty regarding timing, scope, and severity of potential impacts. Many experts believe global climate change could increase extreme variability in weather patterns such as increased frequency of severe weather, rising mean temperature and sea levels, and long-term changes in precipitation patterns. Extreme hot and cold weather, heavy snowfall, heavy rainfall, drought and wildfires may restrict the Corporation's ability to access its properties and cause operational difficulties, including damage to equipment and infrastructure. Extreme weather also increases the risk of personnel injury as a result of dangerous working conditions. Certain of the Corporation's assets are proximate to forests and rivers and a wildfire or flood may lead to significant downtime and/or damage to such assets or cause disruptions to the production and transport of the Corporation's products or the delivery of goods and services in its supply chain.

Indigenous Land and Rights Claims

Opposition by Indigenous groups to the conduct of the Corporation's operations, development or exploratory activities may negatively impact the Corporation

Opposition by Indigenous groups to the conduct of the Corporation's operations, development or exploratory activities in any of the jurisdictions in which the Corporation conducts business may negatively impact it in terms of public perception, diversion of management's time and resources, and legal and other advisory expenses, and could adversely impact the Corporation's progress and ability to explore and develop properties.

Indigenous groups across Canada have established and asserted treaty entitlements, title to land and Aboriginal rights. Although there are no treaty, title or rights claims on lands where the Corporation operates, no certainty exists that any lands currently unaffected by such claims brought by Indigenous groups will remain unaffected by future claims. Such claims, if successful, could have a material adverse effect on its operations or pace of growth.

The Canadian federal and provincial governments have a duty to consult with Indigenous peoples when contemplating actions that may adversely affect asserted or proven Indigenous or treaty rights and, in certain circumstances, accommodate them. The scope of the duty to consult by federal and provincial governments varies upon the circumstances and is often the subject of litigation. The fulfillment of the duty to consult Indigenous peoples and any associated accommodations may adversely affect the Corporation's ability to, or increase the timeline to, obtain or renew, permits, leases, licences and other approvals, or to meet the terms and conditions of those approvals. In 2021, the British Columbia Supreme Court determined that the cumulative impacts of government sanctioned industrial development on the traditional territories of a First Nation in northeast British Columbia breached that group's treaty rights. In 2023, the Government of British Columbia and the First Nation came to an agreement relating to further industrial activities in the area. The developments in northeastern British Columbia relating to Indigenous rights may lead to similar claims of cumulative effects across Canada in other areas covered by treaties. The long-term impacts and associated risks of the decision on the Canadian oil and natural gas industry and the Corporation remain uncertain.

The federal government has enacted federal legislation to implement the UNDRIP, British Columbia has adopted similar provincial legislation under the *Declaration on the Rights of Indigenous Peoples Act* ("**DRIPA**"). The practical implications of these statutes have remained uncertain; however, recent judicial decisions in 2025 provide important guidance.

In February 2025, the Federal Court in *Kebaowek First Nation v Canadian Nuclear Laboratories* directed a decision-maker to reconsider whether the duty to consult and accommodate had been satisfied in light of UNDRIP principles. In December 2025, the British Columbia Court of Appeal in *Gitxaala v British Columbia (Chief Gold Commissioner)* held that DRIPA imposes immediate, positive statutory obligations on the provincial government, including taking concrete and diligent steps to align provincial laws with UNDRIP. British Columbia Premier, David Eby, has since announced that the government plans to amend DRIPA to remove the courts' ability to scrutinize that alignment process.

Although the scope of UNDRIP implementation continues to evolve, these recent decisions demonstrate a judicial willingness to confer substantive legal effect on UNDRIP both in British Columbia and federally. Additional processes may be created and legislation associated with project development and operations may be amended or introduced, further increasing uncertainty with respect to project regulatory approval timelines and requirements. See "*Industry Conditions – Indigenous Rights*".

Inflation and Interest Rates

A failure to secure the services and equipment necessary to the Corporation's operations for the expected price, on the expected timeline, or at all, may have an adverse effect on the Corporation's financial performance and cash flows

The Corporation's financial performance and cash flows may be adversely affected by inflationary pressures and fluctuations in interest rates. Inflation can lead to increased operating costs through higher prices for labour, equipment, materials, and services, as well as contribute to supply chain disruptions and regulatory changes. If the Corporation is unable to effectively manage these cost increases, project economics and future development decisions may be negatively impacted.

Although interest rates have begun to decline, they remained elevated for an extended period as central banks implemented measures to curb inflation. Higher borrowing costs during these periods may affect the Corporation's financing expenses and reduce returns on capital projects. Sustained periods of elevated interest rates can also slow economic growth, reduce energy demand, depress commodity prices, and limit industry activity. The duration and combined impact of inflationary pressures and interest rate volatility on energy demand, commodity pricing, and the Corporation's operations remain uncertain.

Seasonality

Oil and natural gas operations are subject to seasonal weather conditions and the Corporation may experience significant operational delays as a result

The level of activity in the Canadian oil and natural gas industry is influenced by seasonal weather patterns. Wet weather and spring thaw may make the ground unstable. Consequently, municipal and provincial transportation departments enforce road bans that restrict the movement of rigs and other heavy equipment, thereby reducing activity levels. Road bans and other restrictions generally result in a reduction of drilling and exploratory activities and may also result in the shut-in of some of the Corporation's production. Certain oil and natural gas producing assets are located in areas that are inaccessible other than during the winter months because the ground surrounding the sites in these areas consists of muskeg. In addition, extreme cold weather, heavy snowfall and heavy rainfall may restrict access to properties in which the Corporation has an interest and cause operational difficulties. Seasonal factors and unexpected weather patterns may lead to declines in exploration and production activity and corresponding decreases in the demand for the goods and services of the Corporation.

Variations in Foreign Exchange Rates and Interest Rates

Variations in foreign exchange rates and interest rates could adversely affect the Corporation's financial condition

World oil and natural gas prices are quoted in United States dollars. The Canadian/United States dollar exchange rate, which fluctuates over time, consequently affects the price received by Canadian producers of oil and natural gas. Material increases in the value of the Canadian dollar relative to the United States dollar will negatively affect the Corporation's production revenues. Accordingly, exchange rates between Canada and the United States could affect the future value of the Corporation's reserves as determined by independent evaluators. Although a low value of the Canadian dollar relative to the United States dollar may positively affect the price the Corporation receives for its oil and natural gas production, it could also result in an increase in the price for certain goods used in the Corporation's operations, which may have a negative impact on the Corporation's financial results.

The Corporation has issued debt denominated in New Israeli Shekels ("NIS"). As a result, the Corporation is exposed to fluctuations in the exchange rate between the Canadian dollar and the NIS. Any depreciation of the Canadian dollar relative to the NIS could increase the Canadian dollar equivalent of the Corporation's debt obligations, including principal repayments and interest expense, which could adversely impact the Corporation's financial condition, results of operations and cash flows.

To the extent that the Corporation engages in risk management activities related to foreign exchange and interest rates, there is a credit risk associated with counterparties with which the Corporation may contract.

An increase in interest rates could result in a significant increase in the amount the Corporation pays to service debt, resulting in a reduced amount of funds available to fund its exploration and development activities, and if applicable, the cash available for dividends. Such an increase could also negatively impact the market price of the Common Shares.

Substantial Capital Requirements

The Corporation's access to capital may be limited or restricted as a result of factors related and unrelated to it, impacting its ability to conduct future operations and acquire and develop reserves

The Corporation anticipates making substantial capital expenditures for the acquisition, exploration, development and production of oil and natural gas reserves in the future. As future capital expenditures will be financed out of cash generated from operations, borrowings, proceeds from asset sales and possible future equity sales, the Corporation's ability to do so is dependent on, among other factors:

- the overall state of the capital markets;
- the Corporation's credit rating (if applicable);
- commodity prices;
- interest rates;
- royalty rates;
- tax burden due to current and future tax laws; and
- investor appetite for investments in the energy industry and the Corporation's securities.

Further, if the Corporation's revenues or reserves decline, it may not have access to the capital necessary to undertake or complete future drilling programs. The conditions in, or those affecting, the oil and natural gas industry have negatively impacted the ability of oil and natural gas companies, including the Corporation, to access financing and/or the cost thereof. There can be no assurance that debt or equity financing, or cash generated by operations will be available or sufficient to meet these requirements or for other corporate purposes or, if debt or equity financing is available, that it will be on terms acceptable to the Corporation. The Corporation may be required to seek additional equity financing on terms that are highly dilutive to existing shareholders. The inability of the Corporation to access sufficient capital for its operations could have a material adverse effect on the Corporation's business financial condition, results of operations and prospects.

Additional Funding Requirements

The Corporation may require additional financing, from time to time, to fund the acquisition, exploration and development of properties and its ability to obtain such financing in a timely fashion and on acceptable terms may be negatively impacted by current economic conditions and global market volatility

The Corporation's cash flow from its reserves may not be sufficient to fund its ongoing activities at all times and, from time to time, the Corporation may require additional financing in order to carry out its oil and natural gas acquisition, exploration and development activities. Failure to obtain financing on a timely basis could cause the Corporation to forfeit its interest in certain properties, miss certain acquisition opportunities and reduce its operations.

As a result of global economic and political volatility, the Corporation may, from time to time, have restricted access to capital and increased borrowing costs. Failure to obtain suitable financing on a timely basis could cause the Corporation to forfeit its interest in certain properties, miss certain acquisition opportunities and reduce or terminate its operations. If the Corporation's revenues from its reserves decrease as a result of lower oil and natural gas prices or otherwise, it will affect the Corporation's ability to expend the necessary capital to replace its reserves or to maintain its production. To the extent that external sources of capital become limited, unavailable or available on onerous terms, the Corporation's ability to make capital investments and maintain existing assets may be impaired, and its assets, liabilities, business, financial condition and results of operations may be affected materially and adversely as a result. In addition, the future development of the Corporation's petroleum properties may require additional financing and there are no assurances that such financing will be available or, if available, will be available upon acceptable terms. Alternatively, any available financing may be highly dilutive to existing shareholders. Failure to obtain any financing necessary for the Corporation's capital expenditure or acquisition plans may result in a delay in development of or production from the Corporation's properties.

Asset Concentration

The Corporation's operations and drilling activities are vulnerable to risks associated with operating in a limited geographic area

The Corporation's producing and undeveloped properties are geographically concentrated in the province of Alberta. Demand for and costs of personnel, equipment, power, services, and resources in such geographic areas remain high. This high level of demand could result in a delay or inability to secure such personnel, equipment, power, services, and resources. Any delay or inability to secure the personnel, equipment, power, services or resources could result in oil and natural gas production volumes being below the Corporation's forecasts. In addition, any such negative effect on production volumes, or significant increases in costs, could have a material adverse effect on the Corporation's financial conditions, results of operations, cash flow, and profitability.

As a result of this geographical concentration, the Corporation may be disproportionately exposed to the impact of delays or interruptions of operations or production in this area caused by external factors such as governmental regulation, provincial politics, Indigenous rights claims, market limitations, supply shortages, or extreme weather-related conditions.

Credit Facility Arrangements

Failing to comply with covenants under the Corporation's credit facility could result in restricted access to additional capital or being required to repay all amounts owing thereunder

The Corporation currently has a credit facility and the amount authorized thereunder is dependent on the borrowing base determined by its lenders**.** The Corporation is required to comply with covenants under its credit facility. If the Corporation does not comply with these covenants, the Corporation's access to capital could be restricted or repayment could be required. Events beyond the Corporation's control may contribute to the failure of the Corporation to comply with such covenants. A failure to comply with covenants could result in default under the Corporation's credit facility, which could result in the Corporation being required to repay amounts owing thereunder. The acceleration of the Corporation's indebtedness under one agreement may permit acceleration of indebtedness under other agreements that contain cross default or cross-acceleration provisions. The Corporation's current credit facility does not include financial ratio tests. In addition, the Corporation's credit facility may impose operating and financial restrictions on the Corporation that could include restrictions on the payment of dividends, repurchase or making of other distributions with respect to the Corporation's securities, incurring of additional indebtedness, the provision of guarantees, the assumption of loans, making of capital expenditures, entering into of amalgamations, mergers, take-over bids or disposition of assets, among others.

The Corporation's lenders use the Corporation's reserves, commodity prices, applicable discount rates and other factors to periodically determine the Corporation's borrowing base. Commodity prices remain volatile as a result of various factors including limited egress options for Western Canadian oil and natural gas producers, global geopolitical tensions, actions taken to limit OPEC+ and non-OPEC+ production and increasing production by U.S. shale producers. Depressed commodity prices could reduce the Corporation's borrowing base, reducing the funds available to the Corporation under its credit facility. This could result in the requirement to repay a portion, or all, of the Corporation's indebtedness.

If the Corporation's lenders require repayment of all or a portion of the amounts outstanding under its credit facility for any reason, including for a default of a covenant or the reduction of a borrowing base, there is no certainty that the Corporation would be in a position to make such repayment. Even if the Corporation is able to obtain new financing in order to make any required repayment under its credit facility, such financing may not be on commercially reasonable terms, or terms that are acceptable to the Corporation. If the Corporation is unable to repay amounts owing under credit facility, the lenders under its credit facility could proceed to foreclose or otherwise realize upon the collateral granted to them to secure the indebtedness.

Issuance of Debt

Increased debt levels may impair the Corporation's ability to borrow additional capital on a timely basis to fund opportunities as they arise

From time to time, the Corporation may enter into transactions to acquire assets or shares of other organizations. These transactions may be financed in whole or in part with debt, which could increase the Corporation's debt levels above industry standards for oil and natural gas companies of similar size. Depending on future exploration and development plans, the Corporation may require additional debt financing that may not be available or, if available, may not be available on favourable terms. Neither the Corporation's articles nor its by-laws limit the amount of indebtedness that the Corporation may incur. The level of the Corporation's indebtedness from time to time could impair the Corporation's ability to obtain additional financing on a timely basis to take advantage of business opportunities that may arise.

Hedging

Hedging activities expose the Corporation to the risk of financial loss and counter party risk

From time to time, the Corporation may enter into agreements to receive fixed prices or derivative contracts on its oil and natural gas production to offset the risk of revenue losses if commodity prices decline. However, to the extent that the Corporation engages in price risk management activities to protect itself from commodity price declines, it may also be prevented from realizing the full benefits of price increases above the levels of the derivative instruments used to manage price risk. In addition, the Corporation's hedging arrangements may expose it to the risk of financial loss in certain circumstances, including instances in which:

- production falls short of the hedged volumes or prices fall significantly lower than projected;
- there is a widening of price-basis differentials between delivery points for production and the delivery point assumed in the hedge arrangement;
- the counterparties to the hedging arrangements or other price risk management contracts fail to perform under those arrangements; or
- a sudden unexpected event materially impacts oil or natural gas prices.

Similarly, from time to time, the Corporation may enter into agreements to fix the exchange rate of Canadian dollars to United States dollars or other currencies in order to offset the risk of revenue losses if the Canadian dollar increases in value compared to other currencies. However, if the Canadian dollar declines in value compared to such fixed currencies, the Corporation will not benefit from the fluctuating exchange rate.

Title to and Right to Produce from Assets

Defects in the title or rights to produce the Corporation's properties may result in a financial loss

The Corporation's actual title to and interest in its properties, and its right to produce and sell the oil and natural gas therefrom, may vary from the Corporation's records. In addition, there may be valid legal challenges or legislative changes that affect the Corporation's title to and right to produce from its oil and natural gas properties, which could impair the Corporation's activities and result in a reduction of the revenue received by the Corporation.

If a defect exists in the chain of title or in the Corporation's right to produce, or a legal challenge or legislative change arises, it is possible that the Corporation may lose all or a portion of the properties to which the title defect relates and/or its right to produce from such properties. This may have a material adverse effect on the Corporation's business, financial condition, results of operations and prospects.

Reserves Estimates

The Corporation's estimated reserves are based on numerous factors and assumptions which may prove incorrect and which may affect the Corporation

There are numerous uncertainties inherent in estimating reserves and the future cash flows attributed to such reserves. The reserves and associated cash flow information set forth in this document are estimates only. Generally, estimates of economically recoverable oil and natural gas reserves (including the breakdown of reserves by product type) and the future net cash flows from such estimated reserves are based upon a number of variable factors and assumptions, such as:

- historical production from properties;
- production rates;
- ultimate reserve recovery;
- timing and amount of capital expenditures;
- marketability of oil and natural gas;
- royalty rates; and
- the assumed effects of regulation by governmental agencies and future operating costs (all of which may vary materially from actual results).

For those reasons, estimates of the economically recoverable oil and natural gas reserves attributable to any particular group of properties, classification of such reserves based on risk of recovery and estimates of future net revenues associated with reserves prepared by different engineers, or by the same engineers at different times, may vary. The Corporation's actual production, revenues, taxes and development and operating expenditures with respect to its reserves will vary from estimates and such variations could be material.

The estimation of proved reserves that may be developed and produced in the future is often based upon volumetric calculations and upon analogy to similar types of reserves rather than actual production history. Recovery factors and drainage areas are often estimated by experience and analogy to similar producing pools. Estimates based on these methods are generally less reliable than those based on actual production history. Subsequent evaluation of the same reserves based upon production history and production practices will result in potentially material variations in the estimated reserves.

In accordance with applicable securities laws, the Corporation's independent reserves evaluator has used forecast prices and costs in estimating the reserves and future net cash flows as summarized herein. Actual future net cash flows will be affected by other factors, including actual production levels, supply and demand for oil and natural gas, curtailments or increases in consumption by oil and natural gas purchasers, changes in governmental regulation and taxation and the impact of inflation on costs.

Actual production and cash flows derived from the Corporation's oil and natural gas reserves will vary from the estimates contained in the reserve evaluation, and such variations could be material. The reserve evaluation is based in part on the assumed success of activities the Corporation intends to undertake in future years. The reserves and estimated cash flows to be derived therefrom and contained in the reserve evaluation will be reduced to the extent that such activities do not achieve the level of success assumed in the reserve evaluation. The reserve evaluation is effective as of a specific effective date and, except as may be specifically stated, has not been updated and therefore does not reflect changes in the Corporation's reserves since that date.

Insurance

Not all risks of pursuing oil and natural gas opportunities are insurable and the occurrence of an uninsurable event may have a materially adverse effect on the Corporation

The Corporation's involvement in the exploration for and development of oil and natural gas properties may result in the Corporation becoming subject to liability for pollution, blowouts, sour gas leaks, property damage, personal injury or other hazards. Although the Corporation maintains insurance in accordance with industry standards to address certain of these risks, such insurance has limitations on liability and may not be sufficient to cover the full extent of such liabilities. In addition, certain risks are not, in all circumstances, insurable or, in certain circumstances, the Corporation may elect not to obtain insurance to deal with specific risks due to the high premiums associated with such insurance or other reasons. The payment of any uninsured liabilities would reduce the funds available to the Corporation. The occurrence of a significant event that the Corporation is not fully insured against, or the insolvency of the insurer of such event, may have a material adverse effect on the Corporation's business, financial condition, results of operations and prospects.

The Corporation's insurance policies are generally renewed on an annual basis and, depending on factors such as market conditions, the premiums, policy limits and/or deductibles for certain insurance policies can vary substantially. In some instances, certain insurance may become unavailable or available only for reduced amounts of coverage. Significantly increased premiums could lead the Corporation to decide to reduce, or possibly eliminate, coverage. In addition, insurance is purchased from a number of third party insurers, often in layered insurance arrangements, some of which may discontinue providing insurance coverage for their own policy or strategic reasons. Should any of these insurers refuse to continue to provide insurance coverage, the Corporation's overall risk exposure could increase and the Corporation could incur significant costs.

Significant Shareholders

As of the date of this Annual Information Form: (i) Delek Group Ltd. currently owns, directly or indirectly, or exercises control or direction over 9,139,784 common Shares, representing approximately 32.6% of the total issued and outstanding Common Shares as of the date of this Annual Information Form; and (ii) Carbon Infrastructure Partners Corp. currently owns, directly or indirectly, or exercises control or direction over 3,505,680 Common Shares, representing approximately 12.5% of the total issued and outstanding Common Shares as of the date of this Annual Information Form. As a result, such persons exercise significant control over the Corporation, giving the shareholders the ability to, among other things, potentially affect the voting results with respect to the election of directors and the approval of significant corporate transactions, including any change of control transaction. Such persons may have the ability to influence the outcome of any matter submitted for the vote or consent of the Corporation's shareholders. In some cases, the interests of such persons may not be the same as those of the Corporation's other shareholders. The effect of such persons' rights, influence and size of ownership position may impact the price that other investors are willing to pay for the Corporation's securities. If any of the foregoing persons sells a substantial number of the Common Shares in which they own in the public market, or otherwise, the market price of the Common Shares could fall.

Reputational Risk Associated with the Corporation's Operations

The Corporation relies on its reputation to continue its operations and to attract and retain investors and employees

The Corporation's business, operations or financial condition may be negatively impacted by any negative public opinion toward the Corporation or as a result of any negative sentiment toward, or in respect of, the Corporation's reputation with stakeholders, special interest groups, political leadership, the media or other entities. Public opinion may be influenced by certain media and special interest groups' negative portrayal of the industry in which the Corporation operates as well as such groups' opposition to certain oil and natural gas projects. Potential impacts of negative public opinion or reputational issues may include delays or interruptions in operations, legal or regulatory actions or challenges, blockades, increased regulatory oversight, reduced support for, delays in, challenges to, or the revocation of regulatory approvals, permits and/or licences and increased costs and/or cost overruns. The Corporation's reputation and public opinion could also be impacted by the actions and activities of other companies operating in the oil and natural gas industry, particularly other producers, over which the Corporation has no control. Similarly, the Corporation's reputation could be impacted by negative publicity related to loss of life, injury or damage to property and the environment caused by the Corporation's operations. In addition, if the Corporation develops a reputation of having an unsafe work site, this may impact the ability of the Corporation to attract and retain the necessary skilled employees and consultants to operate its business. Opposition from special interest groups opposed to oil and natural gas development and the possibility of climate-related litigation against governments and fossil fuel companies may impact the Corporation's reputation. See "*Risk Factors – Climate Change*".

Reputational risk cannot be managed in isolation from other forms of risk. Credit, market, operational, insurance, regulatory and legal risks, among others, must all be managed effectively to safeguard the Corporation's reputation. Damage to the Corporation's reputation could result in negative investor sentiment toward the Corporation, which may result in limiting the Corporation's access to capital, increasing the cost of capital, and decreasing the price and liquidity of the Corporation's securities.

Changing Investor Sentiment

Changing investor sentiment towards the oil and natural gas industry may impact the Corporation's access to, and cost of, capital

A number of factors, including the concerns of the effects of the use of fossil fuels on climate change, the impact of oil and natural gas operations on the environment, environmental damage resulting from spills of petroleum products during production and transportation, and Indigenous rights have affected certain investors' sentiments toward the oil and natural gas industry. As a result of these concerns, some institutional, retail and public investors have announced that they are no longer willing to fund or invest in oil and natural gas properties or companies or are reducing the amount thereof over time. In addition, certain institutional investors are requesting that issuers develop and implement more robust social, environmental and governance policies and practices. Developing and implementing such policies and practices can involve significant costs and require a significant time commitment from the Board of Directors, management and employees of the Corporation. Failing to implement the policies and practices as requested by institutional investors may result in such investors reducing their investment in the Corporation, or not investing in the Corporation at all. Any reduction in the investor base willing to invest in the oil and natural gas industry and more specifically, the Corporation, may limit the Corporation's access to capital, thereby increasing the cost of capital and decreasing the price and liquidity of the Corporation's securities even if the Corporation's operating results, underlying asset values or prospects have not changed.

Dilution

The Corporation may issue additional common shares or other dilutive securities, diluting current shareholders

The Corporation may make future acquisitions or enter into financings or other transactions involving the issuance of securities of the Corporation, which may be dilutive to shareholders.

Management of Growth

The Corporation may not be able to effectively manage the growth of its business

The Corporation may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. To continue to manage growth effectively, the Corporation will need to continue to implement and improve its operational and financial systems, and to train and manage, and potentially expand, its employee base. If the Corporation is unable to deal with such growth, it may have a material adverse effect on the Corporation's business, financial condition, results of operations or prospects.

Expiration of Licences and Leases

The Corporation, or its working interest partners, may fail to meet the requirements of a licence or lease, causing its termination or expiry

The Corporation's properties are held in the form of licences and leases and working interests in licences and leases. If the Corporation, or the holder of a licence or lease, fails to meet a specific requirement of the licence or lease, the licence or lease may terminate or expire. There can be no assurance that any of the obligations required to maintain each licence or lease will be met. The termination or expiration of the Corporation's licences or leases or the working interests relating to a licence or lease and the associated abandonment and reclamation obligations may have a material adverse effect on the Corporation's business, financial condition, results of operations and prospects.

Dividends

The amount of and frequency at which future cash dividends are paid may vary and there is no assurance that the Corporation will pay dividends in the future

The amount of future cash dividends paid by the Corporation, if any, will be subject to the discretion of the Board of Directors and may vary depending on a variety of factors and conditions existing from time to time, including, among other things, fluctuations in commodity prices, production levels, capital expenditure requirements, debt service requirements and debt levels, operating costs, royalty burdens, foreign exchange rates, restrictions under contracts on the payment of dividends, and the satisfaction of the liquidity and solvency tests imposed by applicable corporate law for the declaration and payment of dividends. Depending on these and various other factors, many of which will be beyond the control of the Corporation, the dividend policy of the Corporation from time to time and future cash dividends could be reduced or suspended entirely.

The market value of the Common Shares may deteriorate if cash dividends are reduced or suspended. Furthermore, the future treatment of dividends for tax purposes will be subject to the nature and composition of dividends paid by the Corporation and potential legislative and regulatory changes. Dividends may be reduced during periods of lower funds from operations, which result from lower commodity prices and any decision by the Corporation to finance capital expenditures using funds from operations.

To the extent that external sources of capital, including capital in exchange for the issuance of additional Common Shares, become limited or unavailable, the ability of the Corporation to make the necessary capital investments to maintain or expand petroleum and natural gas reserves and to invest in assets, as the case may be, will be impaired. To the extent that the Corporation is required to use funds from operations to finance capital expenditures or property acquisitions, the cash available for dividends may be reduced.

Litigation

The Corporation may be involved in litigation in the course of its normal operations and the outcome of the litigation may adversely affect the Corporation and its reputation

In the normal course of the Corporation's operations, it may become involved in, be named as a party to, or be the subject of, legal proceedings, including regulatory proceedings, tax proceedings or legal actions. Potential litigation may develop in relation to personal injuries, including resulting from exposure to hazardous substances, property damage, property taxes, land and access rights, or environmental issues, including claims relating to contamination or natural resource damages and contract disputes. The outcome with respect to outstanding, pending or future proceedings cannot be predicted and may be determined adversely to the Corporation and could have a material adverse effect on the Corporation's assets, liabilities, business, financial condition and results of operations at such time. Even if the Corporation prevails in any such legal proceedings, the proceedings could be costly and time-consuming and may divert the attention of management and key personnel from business operations, which could have an adverse effect on the Corporation's financial condition.

With respect to the litigation described under "Legal Proceedings", a judgment in the Corporation's favour for the amount claimed or any other amount, or at all, is uncertain and cannot be guaranteed. Further, there is no certainty that any amount awarded in such litigation can be collected from the defendants named in the action.

Breach of Confidentiality

Breach of confidentiality by a third party could impact the Corporation's competitive advantage or put it at risk of litigation

While discussing potential business relationships or other transactions with third parties, the Corporation may disclose confidential information relating to its business, operations or affairs. Although confidentiality agreements are generally signed by third parties prior to the disclosure of any confidential information, a breach could put the Corporation at competitive risk and may cause significant damage to its business. The harm to the Corporation's business from a breach of confidentiality cannot be predicted but may be material and may not be compensable in damages. There is no assurance that, in the event of a breach of confidentiality, the Corporation would be able to obtain equitable remedies, such as injunctive relief, from a court of competent jurisdiction in a timely manner, if at all, in order to prevent or mitigate any damage to its business that such breach of confidentiality may cause.

Income Taxes

Taxation authorities may reassess the Corporation's tax returns

The Corporation files all required income tax returns and believes that it is in full compliance with the provisions of the *Income Tax Act* and all applicable provincial tax legislation. However, such returns are subject to reassessment by the applicable taxation authority. In the event of a successful reassessment of the Corporation, whether by re-characterization of exploration and development expenditures or otherwise, such reassessment may have an impact on current and future taxes payable.

Income tax laws relating to the oil and natural gas industry, such as the treatment of resource taxation or dividends, may in the future be changed or interpreted in a manner that adversely affects the Corporation. Furthermore, tax authorities having jurisdiction over the Corporation may disagree with how the Corporation calculates its income for tax purposes or could change administrative practices to the Corporation's detriment.

Third Party Credit Risk

The Corporation is exposed to credit risk of third party operators or partners of properties in which it has an interest

The Corporation may be exposed to third party credit risk through its contractual arrangements with its current or future joint venture partners, marketers of its oil and natural gas production and other parties. In addition, the Corporation may be exposed to third party credit risk from operators of properties in which the Corporation has a working or royalty interest. In the event such entities fail to meet their contractual or other obligations to the Corporation, such failures may have a material adverse effect on the Corporation's business, financial condition, results of operations and prospects. In addition, poor credit conditions in the industry, generally, and of the Corporation's joint venture partners may affect a joint venture partner's willingness to participate in the Corporation's ongoing capital program, potentially delaying the program and the results of such program until the Corporation finds a suitable alternative partner. To the extent that any of such third parties go bankrupt, become insolvent or make a proposal or institute any proceedings relating to bankruptcy or insolvency, it could result in the Corporation being unable to collect all or a portion of any money owing from such parties. Any of these factors could materially adversely affect the Corporation's financial and operational results.

Conflicts of Interest

Conflicts of interest may arise for the Corporation's directors and officers who are also involved with other industry participants

Certain directors or officers of the Corporation may also be directors or officers of other oil and natural gas companies and as such may, in certain circumstances, have a conflict of interest. Conflicts of interest, if any, will be subject to and governed by procedures prescribed by the *Business Corporations Act* (Alberta) (the "**ABCA**") which require a director or officer of a corporation who is a party to, or is a director or an officer of, or has a material interest in any person who is a party to, a material contract or proposed material contract with the Corporation, to disclose his or her interest and, in the case of directors, to refrain from voting on any matter in respect of such contract unless otherwise permitted under the ABCA.

Reliance on a Skilled Workforce and Key Personnel

An inability to recruit and retain a skilled workforce and key personnel may negatively impact the Corporation

The operations and management of the Corporation require the recruitment and retention of a skilled workforce, including engineers, technical personnel and other professionals. The loss of key members of such workforce, or a substantial portion of the workforce as a whole, could result in the failure to implement the Corporation's business plans which could have a material adverse effect on the Corporation's business, financial condition, results of operations and prospects.

Competition for qualified personnel in the oil and natural gas industry is intense and there can be no assurance that the Corporation will be able to continue to attract and retain all personnel necessary for the development and operation of its business. The Corporation does not have any key personnel insurance in place. Contributions of the existing management team to the immediate and near-term operations of the Corporation are likely to be of central importance. In addition, certain of the Corporation's current employees may have significant institutional knowledge that must be transferred to other employees prior to their departure from the workforce. If the Corporation is unable to retain current employees, successfully complete effective knowledge transfers and/or recruit new employees with the requisite knowledge and experience, the Corporation could be negatively impacted. In addition, the Corporation could experience increased costs to retain and recruit these professionals. Investors must rely upon the ability, expertise, judgment, discretion, integrity and good faith of the management of the Corporation.

Information Technology Systems and Cyber-Security

Breaches of the Corporation's cyber-security and loss of, or access to, electronic data may adversely impact the Corporation's operations and financial position

The Corporation has become increasingly dependent upon the availability, capacity, reliability and security of its information technology infrastructure, and its ability to expand and continually update this infrastructure, to conduct daily operations. The Corporation depends on various information technology systems to estimate reserve quantities, process and record financial data, manage the Corporation's land base, manage financial resources, analyze seismic information, administer contracts with operators and lessees and communicate with employees and third party partners.

Further, the Corporation is subject to a variety of information technology and system risks as a part of its normal course operations including potential breakdown, invasion, virus, cyber-attack, cyber-fraud, security breach, and destruction or interruption of the Corporation's information technology systems by third parties or insiders. Unauthorized access to these systems by employees or third parties could lead to corruption or exposure of confidential, fiduciary or proprietary information, interruption to communications or operations or disruption to business activities or the Corporation's competitive position.

Phishing attacks (i.e., fraudulent attempts to obtain sensitive information such as passwords, financial details, or funds) have become increasingly sophisticated. A successful attack could result in loss of financial resources, theft of critical data, or compromise of the Corporation's technology infrastructure. Employees are frequent targets, often through emails that appear legitimate but direct recipients to fraudulent websites, request confidential information, or install malware such as "Trojan horse" programs.

Increasingly, social media is used as a vehicle to carry out phishing attacks. Information posted on social media sites for business or personal purposes may be used by attackers to gain entry into the Corporation's systems and obtain confidential information. The Corporation restricts the social media access of its employees and periodically reviews, supervises, retains and maintains the ability to retrieve social media content. As social media continues to grow in influence and access to social media platforms becomes increasingly prevalent, however, there are significant risks that the Corporation may not be able to properly regulate social media use and preserve adequate records of business activities and client communications conducted through the use of social media platforms.

The Corporation maintains policies and procedures that address and implement employee protocols with respect to electronic communications and electronic devices and conducts annual cyber-security risk assessments. The Corporation also employs encryption protection of its confidential information, and all its computers and other electronic devices. Despite the Corporation's efforts to mitigate such phishing attacks through education and training, phishing activities remain a serious problem that may damage the Corporation's information technology infrastructure. The Corporation applies technical and process controls in line with industry-accepted standards to protect its information, assets and systems, including a written incident response plan for responding to a cyber-security incident. However, these controls may not adequately prevent cyber-security breaches. Disruption of critical information technology services, or breaches of information security, could have a negative effect on the Corporation's performance and earnings, as well as on its reputation, and any damages sustained may not be adequately covered by the Corporation's current insurance coverage, or at all. The significance of any such event is difficult to quantify and may in certain circumstances be material and could have a material adverse effect on the Corporation's business, financial condition and results of operations.

Data Protection

The handling of secure information exposes the Corporation to potential data security risks that could result in monetary damages against the Corporation and could otherwise damage its reputation, and adversely affect its business, financial condition and results of operations

The protection of customer, employee, and company data is critical to the Corporation's business. The regulatory environment in Canada surrounding information security and privacy is increasingly demanding, with the frequent imposition of new and evolving requirements. Certain legislation, including the *Personal Information Protection and Electronic Documents Act* in Canada, requires documents to be securely destroyed to avoid identity theft and inadvertent disclosure of confidential and sensitive information. A significant breach of customer, employee, or company data could attract a substantial amount of media attention, damage the Corporation's customer relationships and reputation, and result in lost sales, fines, or lawsuits. In addition, an increasing number of countries have introduced and/or increased enforcement of comprehensive privacy laws or are expected to do so. The continued emphasis on information security as well as increasing concerns about government surveillance may lead customers to request the Corporation to take additional measures to enhance security and/or assume higher liability under its contracts. As a result of legislative initiatives and customer demands, the Corporation may have to modify its operations to further improve data security. Any such modifications may result in increased expenses and operational complexity, and adversely affect its reputation, business, financial condition and results of operations.

Forced or Child Labour in Supply Chains

The introduction of new supply chain due diligence and reporting requirements could expose the Corporation to certain risks

In May 2023 the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* was passed and came into force on January 1, 2024. Pursuant to the new legislation, any company that is subject to the reporting requirements, including the Corporation, is required to file an annual report with respect to its supply chains. In late 2024 the federal government signalled its intention to create a new and more onerous supply chain due diligence regime overseen by a new oversight agency, whereby reporting entities would be required to scrutinize their supply chains for human rights risks and take action to resolve any such risks. Although the Corporation is currently unaware of any forced or child labour within its supply chains, heightened scrutiny of Canadian companies could reveal risks or instances of such practices in a supply chain connected to the Corporation, potentially harming its reputation. In addition, complying with any new legislative requirements related to due diligence of its supply chains will increase the Corporation's costs and regulatory burdens.

Natural Disasters, Terrorist Acts, Civil Unrest, Pandemics and Other Disruptions and Dislocations

Natural Disasters, Terrorist Acts, Civil Unrest, Pandemics and Other Disruptions and Dislocations, may adversely affect the Corporation

Events such as natural disasters, war, riots, or civil unrest can severely disrupt recovery efforts in affected regions. This may have a material adverse impact on the Corporation, its customers, and their operations. Other risks include terrorist attacks, public health crises (such as epidemics, pandemics, or new infectious diseases), trade and infrastructure disruptions, civil disobedience, national emergencies, acts of war, and technological attacks. These events can create volatility and disrupt supply chains, operations, workforce mobility, and financial markets. Such disruptions may lead to a significant decline in economic activity in Canada and globally, reduce demand for oil and natural gas, and affect interest rates, credit ratings, inflation, and overall business conditions. These factors could negatively impact the Corporation's reputation, business, financial condition, and operations, and may worsen other risks identified herein.

Forward-Looking Statements

Forward-looking information may prove inaccurate

Shareholders and prospective investors are cautioned not to place undue reliance on the Corporation's forward-looking statements. By their nature, forward-looking statements involve numerous assumptions, known and unknown risks and uncertainties, of both a general and specific nature, that could cause actual results to differ materially from those suggested by the forward-looking statements or contribute to the possibility that predictions, forecasts or projections will prove to be materially inaccurate. See "*Risk Factors – Reserves Estimates*".

Additional information on the risks, assumption and uncertainties are found under the heading "*Forward-Looking Statements*".

Shareholders and prospective investors are cautioned not to place undue reliance on the Corporation's forward-looking information. By its nature, forward-looking information involves numerous assumptions, known and unknown risks and uncertainties, of both a general and specific nature, that could cause actual results to differ materially from those suggested by the forward-looking information or contribute to the possibility that predictions, forecasts or projections will prove to be materially inaccurate. Additional information on the risks, assumption and uncertainties are found under the heading "*Reserves Estimates*" of this Annual Information Form.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

InPlay is not a party to any legal proceeding nor was it a party to, nor is or was any of its property the subject of any legal proceeding, during the financial year ended December 31, 2025, nor is InPlay aware of any such contemplated legal proceedings, which involve a claim for damages, exclusive of interest and costs, that may exceed 10% of the current assets of InPlay except as described below.

On February 15, 2019 the Corporation filed a Statement of Claim in the Court of Queen's Bench of Alberta against David Spyker and Rife Resources Ltd. (the "**Defendants**") for damages arising from, without limitation, misuse of confidential information, breach of contractual obligations and breach of fiduciary duties. The Corporation seeks various remedies against the Defendants including, without limitation, an interim and permanent injunction, equitable relief and, in the alternative, damages in such amount as may be determined at trial. The Statement of Claim was served on the Defendants on February 15, 2019. A Statement of Defence was filed by the Defendants on April 24, 2019. Examinations for Discovery of the Defendants occurred in 2021 and early 2022. Examinations for Discovery of InPlay staff occurred in June 2023. A list of undertakings from the Corporation pursuant to these examinations was requested by the Defendants in October 2023. The Corporation has provided a response to these undertaking to the Defendants. On February 5, 2025, InPlay filed an order to the Court of Kings Bench of Alberta a litigation plan (the "**Litigation Plan**") which outlines a litigation schedule of which all parties are obligated to. In accordance with the Litigation Plan, InPlay submitted a damages report to the Defendants on March 7, 2025. Prior to July 30, 2025 and as required by the Litigation Plan, InPlay and the Defendants are required to book a date for mediation as required by the litigation plan.

During the year ended December 31, 2025, there were no (i) penalties or sanctions imposed against the Corporation by a court relating to securities legislation or by a securities regulatory authority; (ii) penalties or sanctions imposed by a court or regulatory body against the Corporation that would likely be considered important to a reasonable investor in making an investment decision, or (iii) settlement agreements the Corporation entered into before a court relating to securities legislation or with a securities regulatory authority.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

There were no material interests, direct or indirect, of directors or executive officers of InPlay, any holder of Common Shares who beneficially owns or controls or directs, directly or indirectly, more than 10% of the outstanding Common Shares, or any known associate or affiliate of such persons, in any transactions within the three most recently completed financial years or during the current financial year which has materially affected or is reasonably expected to materially affect InPlay. Certain directors, officers and insiders of InPlay have and may continue to participate in public offerings or private placements of equity securities undertaken by InPlay from time to time. Any such participation is on the same basis as all other subscribers to such offerings.

TRANSFER AGENT AND REGISTRAR

Odyssey Trust Company, at its principal offices in Calgary, Alberta is the transfer agent and registrar of the InPlay Shares.

MATERIAL CONTRACTS

Other than as listed below and the governing agreement providing for InPlay's senior credit facilities (the "**Credit Agreement**"), and except for contracts entered into in the ordinary course of business (unless otherwise required by applicable securities requirements to be disclosed), the Corporation has not entered into any material contracts within the last financial year, or before the last financial year that are still in effect. The material terms of the Credit Agreement are described in the Corporation's financial statements and MD&A and complete copies of the Credit Agreement and any amendments thereto are filed on SEDAR+ at www.sedarplus.ca.

On February 19, 2025, the Corporation entered into an asset purchase and sale agreement (the "**Purchase and Sale Agreement**") in respect of the Pembina Asset Transaction. A complete copy of the Purchase and Sale Agreement is filed on SEDAR+ at www.sedarplus.ca.

On February 11, 2026, the Corporation entered into a deed of trust (the "**Deed of Trust**") in respect of the Bonds and the Bond Offering. A complete copy of the Deed of Trust is filed on SEDAR+ at www.sedarplus.ca.

INTERESTS OF EXPERTS

There is no person or company whose profession or business gives authority to a statement made by such person or company and who is named as having prepared or certified a statement, report or valuation described or included in a filing, or referred to in a filing, made under National Instrument 51-102 by the Corporation during, or related to, the Corporation's most recently completed financial year other than GLJ, the Corporation's independent engineering evaluator and PricewaterhouseCoopers LLP, the Corporation's auditors. As at the date hereof, the designated professionals of GLJ, as a group, beneficially owned, directly or indirectly less than 1% of InPlay's outstanding securities, including securities of InPlay's associates and affiliates, either at the time it prepared the statement, report or valuation prepared by it, at any time thereafter or to be received by them. PricewaterhouseCoopers LLP is the auditor of the Corporation and has confirmed that it is independent with respect to the Corporation within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of Alberta.

In addition, none of the aforementioned persons or companies, nor any director, officer or employee of any of the aforementioned persons or companies, is or is expected to be elected, appointed or employed as a director, officer or employee of the Corporation or of any associate or affiliate of the Corporation.

ADDITIONAL INFORMATION

Additional information relating to the Corporation can be found on SEDAR+ at www.sedarplus.ca. Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Corporation's securities and securities authorized for issuance under equity compensation plans will be contained in the Corporation's information circular for the Corporation's next annual meeting of securityholders at a date to be determined. Additional financial information is contained in the Corporation's consolidated financial statements and the related management's discussion and analysis for its most recently completed financial year. Alternatively, additional information relating to the Corporation is available on SEDAR+ at www.sedarplus.ca.

For copies of InPlay's information circular, comparative consolidated financial statements, including any interim consolidated comparative financial statements and additional copies of the Annual Information Form please contact:

InPlay Oil Corp.
Suite 2000, 350 – 7th Avenue S.W.
Calgary, Alberta T2P 3NP
Tel: 587-955-9570
Fax: 587-955-0630
www.inplayoil.com

APPENDIX "A"
FORM 51-101F3
REPORT OF MANAGEMENT AND DIRECTORS ON OIL AND GAS DISCLOSURE

Management of InPlay Oil Corp. (the "**Corporation**") are responsible for the preparation and disclosure of information with respect to the Corporation's oil and gas activities in accordance with securities regulatory requirements. This information includes reserves data.

An independent qualified reserves evaluator has evaluated the Corporation's reserves data. The report of the independent qualified reserves evaluator is presented below.

The Reserves Committee of the board of directors of the Corporation has

(a) reviewed the Corporation's procedures for providing information to the independent qualified reserves evaluator;

(b) met with the independent qualified reserves evaluator to determine whether any restrictions affected the ability of the independent qualified reserves evaluator to report without reservation; and

(c) reviewed the reserves data with management and the independent qualified reserves evaluator.

The Reserves Committee of the board of directors has reviewed the Corporation's procedures for assembling and reporting other information associated with oil and gas activities and has reviewed that information with management. The board of directors has, on the recommendation of the Reserves Committee, approved

(a) the content and filing with securities regulatory authorities of Form 51-101F1 containing the reserves data and other oil and gas information;

(b) the filing of Form 51-101F2 which is the report of the independent qualified reserves evaluator on the reserves data; and

(c) the content and filing of this report.

Because the reserves data are based on judgements regarding future events, actual results will vary and the variations may be material.

DATED as of this 30th day of March, 2026.

(signed) "*Douglas Bartole*"
Douglas Bartole
President and Chief Executive Officer

(signed) "*Darren Dittmer*"
Darren Dittmer
Chief Financial Officer

(signed) "*Dale Shwed*"
Dale Shwed
Director and Chairman of the Reserves Committee

(signed) "*Craig Golinowski*"
Craig Golinowski
Chairman of the Board and Member of the Reserves Committee

APPENDIX "B"
FORM 51-101F2
REPORT ON RESERVES DATA
BY INDEPENDENT QUALIFIED RESERVES EVALUATOR OR AUDITOR

To the Board of Directors of InPlay Oil Corp. (the "**Company**"):

1. We have evaluated the Company's reserves data as at December 31, 2025. The reserves data are estimates of proved reserves and probable reserves and related future net revenue as at December 31, 2025, estimated using forecast prices and costs.

2. The reserves data are the responsibility of the Company's management. Our responsibility is to express an opinion on the reserves data based on our evaluation.

3. We carried out our evaluation in accordance with standards set out in the Canadian Oil and Gas Evaluation Handbook as amended from time to time (the "**COGE Handbook**"), maintained by the Society of Petroleum Evaluation Engineers (Calgary Chapter).

4. Those standards require that we plan and perform an evaluation to obtain reasonable assurance as to whether the reserves data are free of material misstatement. An evaluation also includes assessing whether the reserves data are in accordance with principles and definitions presented in the COGE Handbook.

5. The following table shows the net present value of future net revenue (before deduction of income taxes) attributed to proved plus probable reserves, estimated using forecast prices and costs and calculated using a discount rate of 10 percent, included in the reserves data of the Company evaluated for the year ended December 31, 2025, and identifies the respective portions thereof that we have audited, evaluated and reviewed and reported on to the Company's management and Board of Directors:

Independent Qualified Reserves Evaluator or Auditor	Effective Date of Evaluation Report	Location of Reserves (Country or Foreign Geographic Area)	Net Present Value of Future Net Revenue (Before Income Taxes, 10% Discount Rate – M$)			
			Audited	Evaluated	Reviewed	Total
GLJ	December 31, 2025	Canada	-	1,411,283	-	1,411,283

6. In our opinion, the reserves data evaluated by us have, in all material respects, been determined and are in accordance with the COGE Handbook, consistently applied. We express no opinion on the reserves data that we reviewed but did not audit or evaluate.

7. We have no responsibility to update our report referred to in paragraph 5 for events and circumstances occurring after the effective date of our report, entitled "Evaluation of the P&NG Reserves of InPlay Oil Corp. (As of December 31, 2025)".

8. Because the reserves data are based on judgments regarding future events, actual results will vary and the variations may be material.

Executed as to our report referred to above:

GLJ Ltd.
Calgary, Alberta, Canada
February 27, 2026

(signed) "Laura Beierbach"
Laura Beierbach, P. Eng.
Manager, Engineering

(signed) "Sarah C. Taylor"
Sarah C. Taylor, P. Geo.
Manager, Geosciences

APPENDIX "C"
INPLAY OIL CORP.
AUDIT COMMITTEE
MANDATE AND TERMS OF REFERENCE

Role and Objective

The Audit Committee (the "**Committee**") is a committee of the board of directors (the "**Board**") of InPlay Oil Corp. ("**InPlay**" or the "**Corporation**") to which the Board has delegated its responsibility for the oversight of the nature and scope of the annual audit, the oversight of management's reporting on internal accounting standards and practices, the review of financial information, accounting systems and procedures, financial reporting and financial statements and has charged the Committee with the responsibility of recommending, for approval of the Board, the audited financial statements, interim financial statements and other mandatory disclosure releases containing financial information.

The primary objectives of the Committee are as follows:

1 To assist directors in meeting their responsibilities (especially for accountability) in respect of the preparation and disclosure of the financial statements of InPlay and related matters;

2. To provide better communication between directors and external auditors;

3. To enhance the external auditor's independence;

4. To increase the credibility and objectivity of financial reports; and

5. To strengthen the role of the outside directors by facilitating in depth discussions between directors on the Committee, management and external auditors.

Membership of Committee

1. The Committee will be comprised of at least three (3) directors of InPlay or such greater number as the Board may determine from time to time and all members of the Committee shall be "independent" (as such term is used in National Instrument 52-110 — *Audit Committees* ("**NI 52-110**") unless the Board determines that the exemption contained in NI 52-110 is available and determines to rely thereon.

2. The Board of Directors may from time to time designate one of the members of the Committee to be the Chair of the Committee.

3. All of the members of the Committee must be "financially literate" (as defined in NI 52-110) unless the Board determines that an exemption under NI 52-110 from such requirement in respect of any particular member is available and determines to rely thereon in accordance with the provisions of NI 52-110.

Mandate and Responsibilities of Committee

It is the responsibility of the Committee to:

1. Oversee the work of the external auditors, including the resolution of any disagreements between management and the external auditors regarding financial reporting.

2. Satisfy itself on behalf of the Board with respect to InPlay's internal control systems.

3. Review the annual and interim financial statements of InPlay and related management's discussion and analysis ("**MD&A**") prior to their submission to the Board for approval. The process should include but not be limited to:

- reviewing changes in accounting principles and policies, or in their application, which may have a material impact on the current or future years' financial statements;

- reviewing significant accruals, reserves or other estimates such as the impairment tests of financial and non-financial assets;

- reviewing accounting treatment of unusual or non-recurring transactions;

- ascertaining compliance with covenants under loan agreements;

- reviewing disclosure requirements for commitments and contingencies;

- reviewing adjustments raised by the external auditors, whether or not included in the financial statements;

- reviewing unresolved differences between management and the external auditors; and

- obtain explanations of significant variances with comparative reporting periods.

4. Review the financial statements, prospectuses, MD&A, annual information forms ("AIF") and all public disclosure containing audited or unaudited financial information (including, without limitation, annual and interim press releases and any other press releases disclosing earnings or financial results) before release and prior to Board approval. The Committee must be satisfied that adequate procedures are in place for the review of InPlay's disclosure of all other financial information and will periodically assess the accuracy of those procedures.

5. With respect to the appointment of external auditors by the Board:

    - recommend to the Board the external auditors to be nominated;

    - recommend to the Board the terms of engagement of the external auditor, including the compensation of the auditors and a confirmation that the external auditors will report directly to the Committee;

    - on an annual basis, review and discuss with the external auditors all significant relationships such auditors have with the Corporation to determine the auditors' independence;

    - when there is to be a change in auditors, review the issues related to the change and the information to be included in the required notice to securities regulators of such change; and

    - review and pre-approve any non-audit services to be provided to InPlay or its subsidiaries by the external auditors and consider the impact on the independence of such auditors. The Committee may delegate to one or more independent members the authority to pre-approve non-audit services, provided that the member(s) report to the Committee at the next scheduled meeting such pre-approval and the member(s) comply with such other procedures as may be established by the Committee from time to time.

6. Review with external auditors (and internal auditor if one is appointed by InPlay) their assessment of the internal controls of InPlay, their written reports containing recommendations for improvement, and management's response and follow-up to any identified weaknesses. The Committee will also review annually with the external auditors their plan for their audit and, upon completion of the audit, their reports upon the financial statements of InPlay and its subsidiaries.

7. Review risk management policies and procedures of InPlay (i.e. internal controls, hedging, litigation and insurance).

8. Establish a procedure for:

- the receipt, retention and treatment of complaints received by InPlay regarding accounting, internal accounting controls or auditing matters; and

- the confidential, anonymous submission by employees of InPlay of concerns regarding questionable accounting or auditing matters.

9. Review and approve InPlay's hiring policies regarding partners and employees and former partners and employees of the present and former external auditors of InPlay.

The Committee has authority to communicate directly with the external auditors of the Corporation. The Committee will also have the authority to investigate any financial activity of InPlay. All employees of InPlay are to cooperate as requested by the Committee.

The Committee may also retain persons having special expertise and/or obtain independent professional advise to assist in filling their responsibilities at such compensation as established by the Committee and at the expense of InPlay without any further approval of the Board.

Meetings and Administrative Matters

1. At all meetings of the Committee every resolution shall be decided by a majority of the votes cast. In case of an equality of votes, the Chairman of the meeting shall be entitled to a second or casting vote.

2. The Chair will preside at all meetings of the Committee, unless the Chair is not present, in which case the members of the Committee that are present will designate from among such members the Chair for purposes of the meeting.

3. A quorum for meetings of the Committee will be a majority of its members, and the rules for calling, holding, conducting and adjourning meetings of the Committee will be the same as those governing the Board unless otherwise determined by the Committee or the Board.

4. Meetings of the Committee should be scheduled to take place at least four times per year. Minutes of all meetings of the Committee will be taken. The Chief Financial Officer will attend meetings of the Committee, unless otherwise excused from all or part of any such meeting by the Chairman.

5. The Committee will meet with the external auditor at least once per year (in connection with the preparation of the year end financial statements) and at such other times as the external auditor and the Committee consider appropriate.

6. Agendas, approved by the Chair, will be circulated to Committee members along with background information on a timely basis prior to the Committee meetings.

7. The Committee may invite such officers, directors and employees of the Corporation as it sees fit from time to time to attend at meetings of the Committee and assist in the discussion and consideration of the matters being considered by the Committee.

8. Minutes of the Committee will be recorded and maintained and circulated to directors who are not members of the Committee or otherwise made available at a subsequent meeting of the Board.

9. The Committee may retain persons having special expertise and may obtain independent professional advice to assist in fulfilling its responsibilities at the expense of the Corporation.

10. Any members of the Committee may be removed or replaced at any time by the Board and will cease to be a member of the Committee as soon as such member ceases to be a director. The Board may fill vacancies on the Committee by appointment from among its members. If and whenever a vacancy exists on the

Committee, the remaining members may exercise all its powers so long as a quorum remains. Subject to the foregoing, following appointment as a member of the Committee, each member will hold such office until the Committee is reconstituted.

11. Any issues arising from these meetings that bear on the relationship between the Board and management should be communicated to the Chairman of the Board by the Committee Chair.